

Friday November 8 1996

Table with exchange rates for various currencies including Australia, Canada, Hong Kong, etc.

The Guardian International

Printed in London, Manchester, Frankfurt and Roubaix

NEWSPAPER OF THE YEAR
48,705

Friday Review

With European weather



All you really, really want to know about Wallypop



Ambush in Nicaragua: on tour with Ken Loach

Taking Carla's Song home

Nolan puts MPs on trial

'No party politics' in Hamilton inquiry

David Hencke Westminster Correspondent

LORD Nolan, the life peer appointed by John Major to lay down higher standards of behaviour in Parliament, last night warned MPs not to play party politics in deciding the fate of the former minister, Neil Hamilton, and colleagues in the cash for questions scandal.

In a tough speech to dons at Warwick University, he said the House of Commons itself had contributed to a loss of public confidence in its ability to maintain proper standards of conduct.

The House had failed to understand that its rules and procedures for maintaining standards of conduct "had not kept up with what is required of a modern institution."

"In recent years the disciplinary and complaints procedures of most self-respecting professions which serve the public have been overhauled to introduce equitable and open procedures, with independent elements."

"Yet until recently the House of Commons had no code of conduct for its members. Rules of what behaviour was and was not permissible were unclear, and contradictory, with little routine enforcement. Procedures for investigating and adjudicating on complaints were inadequate."

The speech was delivered five days before the Commons committee investigating the affair is to have the first televised hearing into whether a junior minister, David Willetts, tried to smother a previous inquiry into Mr Hamilton's acceptance of £25,000 in cash and vouchers and a stay at the Ritz Hotel, Paris, from Harrods owner, Mohamed al Fayed, for asking parliamentary questions.

There is scepticism in the Commons that the MPs on the Standards and Privileges Committee, which has a Conservative majority, will get to the bottom of all the

allegations. Lord Nolan praised the Commons, despite initial misgivings, for introducing procedures which closely followed the recommendations by his committee, including the appointment of Sir Gordon Downey, the Parliamentary Commissioner for Standards.

He also thought it was better that Parliament rather than judges like himself policed its own behaviour. No-one with a knowledge of constitutional history would want a return to the battles between Parliament and the judiciary, he said.

"The investigation which is now in progress, in what I might call the Hamilton case, is going to be the most difficult conceivable test for the new machinery, because the alleged actions under investigation occurred when the old, less satisfactory and, as I have said, inconsistent rules were in place. Should the House conclude the business thoroughly and impartially, without allowing political considerations to intrude, it will have taken a major step forward in rebuilding public confidence."

Lord Nolan also attacked the system of whipping — which will be a key point in assessing the role of Mr Willetts in seeking to intervene in the cash for questions inquiry.

He pointed out that whipping and the "pay roll vote" — the 116 MPs who are ministers or unpaid parliamentary private secretaries — conflict with Parliament's job to keep the executive to account.

He linked Parliament's handling of the Scott inquiry to the power of the whips and party politics. "The ready acquiescence of Parliament in 1990 and its indifference in 1996 to the emergence of a sorry tale — perhaps because neither government nor opposition shows up well — indicates that the principles of its constitutional role have at times mattered less to the House of Commons than the practical politics of the day."

Hint of disruption in Dublin



French security forces guard the summit venue in Bordeaux, scene of a bomb attack by Corsican guerrillas last month

PHOTOGRAPH: REGIS DUVAL/NOVA

Major crows over 'paralysed' France

'Our economy stronger' says PM on eve of Chirac summit

Simon MacAuliff in Bordeaux and Michael White

JOHAN Major yesterday gave an electioneering twist to today's Franco-British summit when he criticised the French economy as "paralysed by walkouts" and hinted at disruption of the EU's December summit in Dublin if his concerns are not addressed.

Hours before dinner with President Chirac last night, the Prime Minister contrasted the British economy — "growing stronger" — with the badly performing economies of Europe, stinging out France's high youth unemployment and strike record.

Downing Street compounded those undiplomatic remarks by threatening to disrupt the summit unless there were concessions on fishing quotas and EU moves to impose a maximum 48-hour working week on Britain. A European Court ruling next Monday is expected to favour the EU's maximum 48-hour working week.

For good measure, Michael Heseltine led Tory MPs at Westminster in trumpeting an article in Le Figaro — de-



disrupt the summit unless there were concessions on fishing quotas and EU moves to impose a maximum 48-hour working week on Britain. A European Court ruling next Monday is expected to favour the EU's maximum 48-hour working week.

Dublin agenda

Interviewed before leaving for the annual bilateral with senior French ministers, Mr Major claimed that average families are £700 a year better off than in 1992.

"That's why the pulse of Britain is growing stronger," he told the London Evening Standard. "Compare that with what is happening in the rest of Europe. Youth unemployment in Britain is 15 per cent — still too high — but in France it's well over 25 per cent.

"In Britain, we've seen the number of days lost to strikes fall to the lowest ever. In France, many of their public services have been paralysed by walkouts."

Mr Major is being accompanied on the visit by senior Cabinet colleagues, including Malcolm Rifkind, Kenneth Clarke, Michael Portillo, Michael Howard and Sir George Young.

The meeting — to be held in the mayor's headquarters bombed last month by Corsican guerrillas — is intended to improve relations, but the agenda has been overtaken by a series of difficult issues

related to European integration.

They were highlighted yesterday by Dick Spring, foreign minister of Ireland which is currently chairing the EU. He told reporters in London that the EU's Irish presidency remains determined to keep to agreed timetables on a single currency and the Maastricht review conference — including deci-

sions within week's of Britain's expected general election in May.

France and Britain agree on most issues on today's agenda. But there is friction over Zaira, with the French pressing for an international military effort and Britain resisting.

French 'poised to invade Britain', page 6

Shell has rethink over Nigeria

Oil giant will embrace human rights in business principles

Simon Beavie and Paul Brown

SHELL, the Anglo-Dutch oil giant, yesterday tried to quash 18 months of international vilification for its role in Nigeria and its environmental record by announcing it is to include a specific reference to human rights in its general statement of business principles.

The move follows a series of meetings with human rights groups. It comes two days be-

fore the first anniversary of what John Major called the "judicial murder" of Ken Saro-Wiwa, the Ogoni leader who was executed by the Nigerian regime for his protests over Shell's exploitation of his homeland. The company endured worldwide condemnation for its failure to intervene on behalf of the nine Ogoni leaders killed, and has remained under pressure since. Its stance of non-interference had been widely interpreted as support for the Nigerian regime.

A spokesman for the company said last night that Shell was currently reviewing its business principles statement and "looking positively" at including a clear reference to human rights. The group had publicly supported the Universal Declaration of Human Rights and now wanted to see if that could be explicitly reflected in the business principles statement.

The Shell announcement was prompted by an earlier statement from the Dutch Christian group Pax Christi and Amnesty International which said the oil group had indicated in meetings that it would incorporate the declaration.

Oil giant will embrace human rights in business principles

The pressure groups also said that Shell would declare that "it is legitimate for [Shell] to speak out against serious violations of human rights" and that its principle of political non-interference would be "redefined".

Shell admitted that the statement from the two groups was a "fair reflection of the meeting". But the spokesman said the group would need to have several more meetings with Pax Christi, Amnesty and other pressure groups to refine several points.

Shell has faced a barrage of criticism over Nigeria and for its handling of the disposal of its Brent Spar oil platform.



'The Hamilton investigation is going to be the most difficult conceivable test for the new machinery'

Lord Nolan (left), yesterday

Inside

Britain

World News

Finance

Sport

Comment 8
Obituaries 10
G2
Crossword 15; Weather 16
Radio 18; Television 16

Subscription information including postal code, country, and a barcode with number 770261 307354.

The Guardian International Umbrella advertisement featuring a blue and white golfing umbrella.

Order form for the umbrella, including fields for name, address, postal code, and payment details.

Sketch

Put-down routine fails to stand up



Simon Hoggart

LAWN Order is the hot topic in the Commons these days, so yesterday MPs debated Michael Heseltine's lawn. You may remember that last month he woke up to discover a group of people digging up the grass in front of his house, as a protest against open cast mining. Mr Major is away at the Anglo-French summit, so it was the Deputy Prime Minister who answered questions on his behalf. Edward Garnier (C Harborough) asked about "the gang of thugs which included two Labour councillors" who had dug the dirt at Heseltine Hall. He called attention to "the pathetic performance of the smarmy army opposite". This is what I find scary: we no longer deal in soundbites in the Commons, which are thought far too long-winded, but in poster slogans. Even the Chinese Communist Party offers more intellectual meat than our Parliament: "Endorse the Great Leap Forward to Industrial Prosperity and Fulfillment under the Wise Helmsmanship of the Supreme Leader Deng Xiaoping and Reject the Corrupt Infiltrations of the Tango Dancer Patten," for instance. What do we get? "Enough is enough"; "New Labour, New Danger"; "The smarmy army"; Mr Heseltine improbably claimed yesterday that as he gazed out of his bedroom window he was reminded of the Winter of Discontent, when Nupie members ate newborn babies in the cemeteries and Labour councillors were left rotting in the streets - or something along those lines. As they used to say in the New Yorker, one felt that was one of those thoughts we doubt we ever think. John Prescott asked why the Tories had voted against the founding of the NHS, 50 years ago this week. It seemed a little harsh to grumble about

a division which occurred when Mr Heseltine was 13 years old, at a time when his hair was but a shadow of its later self. But it did give him the opportunity to repeat the slogan of the day: that the Tories have promised to spend more on the NHS every year. Mr Prescott said that the only way to safeguard the health Service was "to elect a Labour government". He threw in another slogan, "the people don't believe the Tories", then added: "All Tory promises should carry a government health warning." Mr Heseltine barked back: "The British people know that Labour won't give the pledge the Conservatives have already given." Mr Prescott shouted at him from the bench a slogan which has yet to appear on a Labour poster: "You're getting too excited!" Hezza made a mistake. He decided to take on the heckler. This is something a stand-up comedian can do, but probably not a stand-up Deputy Prime Minister. "I am always excited by the honourable gentleman," Tories wriggled in pleasure, waiting for the punchline. "The honourable gentleman is a very exciting person," he went on. The Press Gallery stirred in (slight) anticipation. "Never has anyone been so wrong so often on so many subjects," he concluded, limply. As they say at our local comedy club, "Taxi!" The last question came from Labour's home affairs spokesman Alun Michael, who wanted to know why the Government was banning ads for vicious weapons such as the "Vindicator knife" and the "Rambo short sword". "Vindicator" does seem an odd name for such a savage weapon (complete with blood channel), since it generally appears in more restrained contexts, as in, "recent events have tended to vindicate Prof Hobsbawm's theories..." Perhaps it is actually the "Rim-baud" sword.

Simon Hoggart and Steve Ball will be performing extracts from their new book, Live Briefs, at Books Etc, Covent Garden, London WC2, next Thursday November 14. Phone 0171 379 6947 for free tickets.



Richard Morley and Jay Khadka facing the media after yesterday's decision, which Mr Morley described as "terrible not just for me but for my family"

PHOTOGRAPH BY SEAN SMITH

'Debt of honour' son must go

Kamal Ahmed

THE NEPALESE man adopted by a British millionaire after a pact made in the Himalayas has lost his fight to stay in Britain. Jay Khadka, aged 20, applied to the High Court in a last-ditch attempt to overturn a Home Office decision to deport him. Yesterday Mr Justice Laws rejected Mr Khadka's case, saying that the Home Secretary, Michael Howard, had acted as "a reasonable decision maker" in turning down Mr Khadka's plea for exceptional leave to remain in the country. "Many may regard the result he [the Home Secretary] arrived at as harsh," Mr Justice Laws said. "But the [immigration] policy is a coherent one and its application is on reflection perfectly understandable. His decision was taken as the people's democratic representative; if I were to overturn it I would usurp that role, which it is no business of mine to do." Home Office documents lodged with the court said that allowing Mr Khadka to stay would undermine gov-



'It is not a question of my wish to remain in Britain but my need to remain with those whom I love'

ernment policy, which was to "severely restrict numbers". That was despite a recommendation by the Immigration Appeals Tribunal that returning Mr Khadka to Nepal would be "traumatic". Mr Khadka, who was brought to Britain at the age of 14 by his adoptive father, Richard Morley, said he was very disappointed with the decision and needed time to consider whether he would go to the Court of Appeal. "I don't think Mr Howard has seen the compassionate side of the case," he said. "I'm very hurt. I think it is terrible not just for me but for my family."

Mr Morley said he would contact the Home Office today to see how long Mr Khadka is allowed to stay in Britain. If he decides not to appeal it is likely to be 28 days. The court had been told of the unusual circumstances of Mr Khadka's arrival and the close bond between him, Mr Morley and other members of the family community. Mr Morley had brought together at his home at Clearwell Castle in Gloucestershire. Mr Morley, a millionaire who runs a computer busi-

ness, said that if Mr Khadka had to leave the country he would pay for the other seven members of the community, including himself, to go with him. "I think it is a very sad day for human rights in Britain," Mr Morley said. "Mr Howard has made a dreadful decision but essentially the judge accedes that Mr Howard is effectively able to make up his own mind on the matter and that the judiciary does not see its role as challenging Mr Howard's position." Mr Morley said that he returned to Nepal in 1990 to find Mr Khadka after hearing

that Mr Khadka's father, Basu, had died. Mr Morley said he had a debt of honour to look after Mr Khadka should anything befall his father, a Nepalese policeman who had saved Mr Morley's life in 1984. Basu walked more than 60 miles over three days to seek help for Mr Morley after finding him sick and exhausted during a Himalayan trek. Mr Morley said he would meet the Nepalese prime minister, Sher Deuba, in London on Monday to discuss his family's possible move there. "I think we have no option but to leave. The most important thing is that the family sticks together, property and possessions come a very distant second." He said he would only change his mind if he was advised he had a strong legal case. "We will make a final decision over the next few days." Immigration groups criticised the decision to deport Mr Khadka. "This is sad but utterly predictable," said Claude Moraes, director of the Joint Council for the Welfare of Immigrants. "Dozens of families are being divided by draconian immigration laws."

Review

Quiet madness of Tinder touch

Caroline Sullivan

Tindersticks

ADAM ANT once said "ridicule is nothing to be feared of", words "Tindersticks" must have taken to heart since so much about them begs inclusion in Pseudo's Corner. Just look at them on the second night of five at the ICA. Lead member Stuart Staples is doing his best to look like a cross between Elvis Presley and Serge Gainsbourg, cardigan studiously slipped in, greasy hair swept back. Then there's the french-sticks, who exchange my-ching-sou-glances while clinking guitars and xylophones. They do not want to be on stage: they want to be next door to Jim Morrison at Pere Lachaise, where their pale fans can mourn all that squandered beauty. Still, nothing wrong with a few pretensions, which in this Nottingham group's case have produced three strange and beautiful albums since 1994. The first two, full of faintly heard non-rock instruments such as oboes, amount to more an atmosphere than a tangible sound. The third, soundtrack to

French film *Netette et Boni*, is similar, although it suffers from the absence of Staples' faded whisper. They are so outside the rock norm they deserve their own category somewhere between ambient and cinema music. That thought must have inspired the ICA shows, each differently themed. Wednesday night was a filmic and spoken word set, although "spoken word" was a bit gratuitous, as what Staples essentially does is speak to himself anyway. Rather thrillingly, the morose mask slipped a bit on My Sister. Eyes closed, Staples was well into a melancholy recital: "I can see... uh... forgot it." Guitar, violin and xylophone dribbled to a stop as he struggled to remember the next line. "Wonderwall!" someone screamed helpfully. It finally came to him, and he managed the only smile of the night. Staples admitted: "So many things to trip you up." What lingered afterwards was the quiet madness of both music and musicians. "Tindersticks" shades of grey may be as false as film noir, but while you are there you cannot help but feel it is real. This review appeared in *last editions* yesterday.

Jordan swindler lived off dead Britons' pensions

Embassy accountant netted at least £333,000 over 20 years

David Hencke

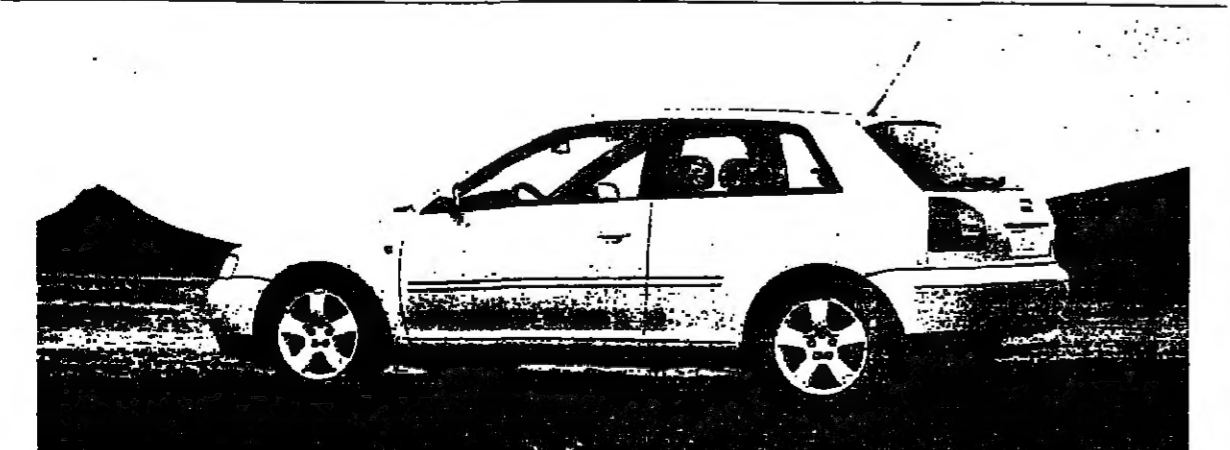
Westminster Correspondent

A CHARTERED accountant swindled the Foreign Office and Ministry of Defence out of at least £333,000 over 20 years by living off pensions paid to 35 dead expatriates. The dead British diplomats and servicemen based in the Middle East had their pensions purloined by Elias Zureik, a 55-year-old Jordanian, while working at the British embassy in Amman. His crime was not discovered until five years after he had quit his job when a chance inquiry by the son of a dead pensioner alerted the Overseas Development Administration in East Kilbride that they had been paying the man's pension five years after his death. Mr Zureik even transferred payments of five pensions belonging to people born between 1977 and 1993 to PO boxes in Amman when he quit his job so he could continue to receive the cash. "The coincidence of a relatively large number of very old pensioners in one location was not immediately noticeable," the ODA admitted in a report published today by the National Audit Office, Parli-

ment's financial watchdog. The fraud was only possible because Mr Zureik was responsible for paying the pensions and for producing annual declarations of entitlement, so he could forge the documents every year to continue claiming the money. Jordan is unusual in not keeping a register of deaths, so the ministry in Scotland would not normally receive a death certificate when a pensioner died. Many pensioners had their money sent direct to the embassy, from where it was easy for Mr Zureik to take the pensions. After he left, many pension payments that had not been diverted to PO boxes remained uncollected. Sir John Bourn, the Comptroller and Auditor General, says in his report: "The (Overseas Development) Ad-

ministration and the embassy should have acted more quickly to establish the nature and extent of the irregularities; such action would have stemmed the flow of misappropriations and would have enabled remedial measures to be put in hand in Amman, and elsewhere, sooner." When challenged about the pensions payments, Mr Zureik at first claimed the pensioners had all moved to the West Bank in Israel. He has since been arrested and charged with fraud and em-

bezzlement. An ODA spokesman said yesterday the case will be heard in full this year. The ODA is also bringing a civil case against Mr Zureik to return the money. New security procedures have been brought in at embassies handling expatriates' pensions.



No pyrotechnics. Just Vorsprung durch Technik. The new Audi A3. For more information or test drive details, please call 0345 699 777.

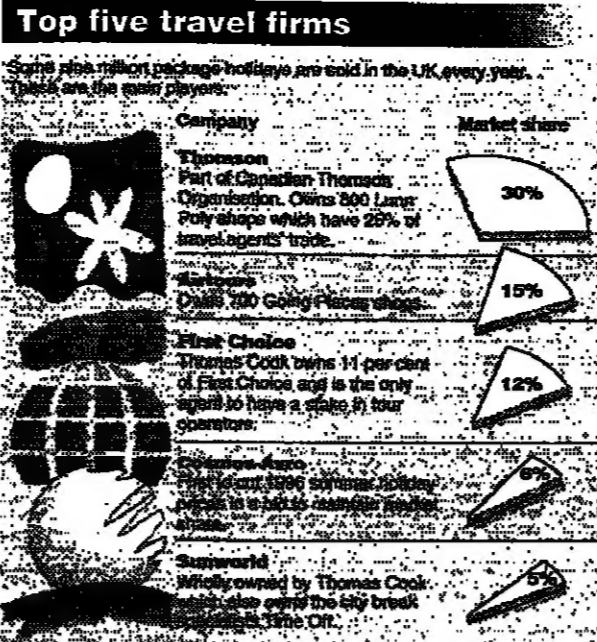
Men from poor families at heart risk

David Brindle

MEN whose fathers had manual jobs are almost a third more likely to have a heart condition than those from white-collar backgrounds, research today indicates. The research, published in the *Lancet* medical journal, is based on almost 6,000 middle-aged men across Britain. Men whose childhoods had been spent in households headed by manual workers were about 30 per cent more likely to have had a heart attack, or developed heart disease, than those whose fathers were non-manual. The study was carried out by the Royal Free medical school.

Advertisement for 'They think it's all over' video. Features a sumo wrestler and the text: 'MORE CHEEK THAN A SUMO WRESTLER'S', 'Specially Shot Extended Version', 'of the hit BBC series', 'They think it's all over', 'with all your favourite rounds and on hilarious sports day', 'Only on video - Out now £14.99', 'BBC'.

Handwritten Arabic text: كذا من الاجل



Links to agencies 'distorting competition'

Big travel firms face 'raw deal' inquiry

Pauline Springett

BRITAIN'S travel industry, facing allegations that anti-competitive practices are giving holidaymakers a raw deal, is to be investigated by the Monopolies and Mergers Commission, it was announced yesterday.

The Office of Fair Trading's director general, John Bridgeman, has asked the commission to investigate the ownership links between the larger tour operators and travel agency chains. The investigation will also look into the "widespread" practice of selling holidays with a discount — provided specific travel insurance is purchased.

Mr Bridgeman said the big tour companies which also own travel agencies supplied a large proportion of Britain's £7 billion a year market for foreign package holidays. He believed they had the power to put smaller rivals at a disadvantage by removing their brochures from display, or threatening to do so in order to negotiate larger commissions.

"The two leading travel companies with whom I have had discussions have argued that such practices are a reflection of the competition that prevails in the travel trade. My view is that they distort competition," he said.

The decision caught the big travel operators by surprise. After the OFT said in July that it wanted an MMC inquiry, the two biggest opera-



Travel agencies linked to big tour operators are accused of removing smaller rivals' brochures from display

PHOTOGRAPH MARTIN ARLES

tors, Thomson and Airtours, tried to negotiate, but the talks came to nothing.

Mr Bridgeman said he had sought certain undertakings. "It has become clear after many weeks of discussions with Thomson and Airtours that this is not going to be possible."

Allegations of unfair trading have haunted the indus-

try for years. Consumer groups and smaller tour operators claim the public is generally unaware that the big operators often own travel agencies. The critics argue that the agencies excessively promote the holidays offered by the parent company, and restrict access to holidays offered by rivals.

Thomson, Britain's biggest

tour operator, with about 28.5 per cent of the market, owns Luna Poly, which has 300 shops. Airtours, which has a 20 per cent market stake, owns Going Places, and tour group Inspirations has commercial links with AT Mays travel agents.

Noel Josephides, a spokesman for the Association of Independent Travel Operators,

which represents 150 small companies who sell 1.8 million holidays between them, welcomed the investigation. "We've been at this for four years and it has been difficult to get heard. We are very pleased the Government has conceded there is a problem."

He said it was "morally wrong" that people were pressured into buying holiday in-

surance in order to secure discounts on package deals.

The big tour operators insisted the accusations were groundless, but welcomed the inquiry, saying it would set the record straight.

Paul Brett, chairman of Thomson Travel, said: "We are confident that the industry at large and Thomson in particular will be vindicated

Sales talk

Favourite travel agent sales techniques:

- Selling the tour operator's holiday as the 'best'
- Making discounts conditional on buying the tour operator's travel insurance
- Telling customers the only accommodation left in a given area is that run by the tour operator
- Claiming the only flights left are those chartered by the tour operator
- Failing to tell customers how far away their accommodation is from the resort centre

Yeltsin puts faith in diet of good news

President's upbeat prognosis fails to convince the sceptics

David Hearst in Moscow

HIS press secretary said he was sitting up, standing, pacing around, eating breakfast and wondering when he would be let out. The patient himself said in a statement that he was back at work and in control. But President Boris Yeltsin's doctors yesterday thought, on balance, it better that he spend another day in intensive care.

A day after coming off artificial ventilation, Mr Yeltsin announced that his quintuple heart bypass operation had been a success. In a message distributed by his press service, he said: "Dear Russians! I'm glad to announce that the operation was successful. I'm back to work again. As I promised, the situation in the country was under control."

To prove it, he signed a decree renaming Revolution Day. The most revered day in the Communist calendar will be a day of remembrance for

the victims of Soviet repression.

As Communists took part in rallies across the former Soviet Union to mark the 79th anniversary of 1917's October Revolution, Mr Yeltsin, a former first secretary of Sverdlovsk, said the revolution had been a tragedy with millions of victims.

"We are one people. We have one fate, one future. And we are all coming from one past. It is time to close the book. We have one Russia, and we must be united," he said.

Meanwhile, Dr Michael DeBakey, the US heart bypass surgery pioneer who has been advising Mr Yeltsin's doctors, predicted that the president would be able to return to full political life. He said doctors found no evidence of scarring, which could have been caused by his three heart attacks, on the heart muscle, adding that it would be able to return to normal function.

Mr Yeltsin should even be able to over-indulge from

time to time, he said, claiming the president's liver and kidneys did not look like those of a reputed heavy drinker. "Hopefully he'll moderate any excesses he may have had," Dr DeBakey said. "But I wouldn't expect an occasional experience of that kind to have an effect on his heart."

Other medical sources were less upbeat. They said Mr Yeltsin had problems with his cerebral arteries, with one source pointing out: "You can't bypass the brain."

They said he had been given stimulants to help him through his highly active presidential campaign. When he came off them in July, after his third heart attack, they had further damaged his health. The sources said his red blood cell level had fallen at one stage to 7 per cent.

The Communist leader, Gennady Zyuganov, said Russia was on the verge of a precipice. "There are two possibilities — either total chaos leading to the next dictatorship and bloody struggle, or labour must unite... to establish a normal life."

Taking it easy in the real world

Louisa Dillner

IF BORIS YELTSIN really is lobbying his doctors to let him leave hospital less than 48 hours after coronary artery bypass surgery then he is making a truly remarkable recovery.

Euphoria is not uncommon after surgery but most patients would expect, and be pretty grateful, to spend a week to 10 days in hospital recuperating from what is now a routine but still major operation.

World leaders may have the ability to recover faster than ordinary mortals from the rigours of having their sternum (breastbone) split open, their hearts stopped for more than an hour, and being connected to a bypass machine, but if Mr Yeltsin

really is pacing round his room he will be doing it rather slowly, because it will hurt.

While the mortality rate from such surgery is less than 1 per cent, complications such as strokes, deep vein thrombosis in the legs, and chest infections can arise after the operation. Nursing care is geared towards gradually getting patients mobile to minimise these risks. Such is the stress of major surgery that depression is fairly common in the first week.

The British Heart Foundation advises patients that it takes six to eight weeks to recover fully from the operation. Although 80 per cent return to work, they should do so after two months. And rather than resume business as usual, it is advisable that people work only a few hours a day to start with.

Doctors advise patients to reduce the amount of animal fats in their diets. The president will also be told to limit his alcohol intake to a glass of wine a day.

Dr Louisa Dillner is the Guardian's Health Editor.

Chelsea rivals ready to pitch into power play

Less Buckingham and Pauline Springett

THE power struggle in the boardroom of Chelsea Football Club looks set to intensify following the abrupt resignation of Peter Middleton, former boss of the Lloyd's of London insurance market.

Mr Middleton — now the £1 million a year head of the European operations of US banking giant Salomon Brothers — resigned from the board of Chelsea Village, the parent company of the football club after an acrimonious showdown with chairman Ken Bates.

Neither man was last night available to comment but Mr Middleton is thought to want to protect the shareholding in Chelsea acquired for £20 million by his friend, Matthew Harding, the self-made millionaire who owned 35 per cent of the club who died in a helicopter crash last month.

Sources in the City claimed last night that dissident shareholders, seeking to oust

Mr Bates, could rally to Mr Middleton. The 66-year old chairman of Chelsea attempted to smother a threat to his authority posed by Mr Harding.

There has been speculation that City investors keen to buy a slice of top football action might be interested in shares in Chelsea now that the price of buying Manchester United has become too high.

Mr Middleton, a respected figure in the world of business and a keen football supporter — he supported Middlesbrough as a child — could become a focal point. He narrowly escaped being on the helicopter journey which killed Mr Harding. The one-time monk has vowed never to travel by helicopter again.

Despite the rumours, shares in Chelsea dropped 12p to 95p yesterday after Mr Middleton's departure, reducing Chelsea's stock market value to £130 million. Mr Middleton is the only senior independent director of Chelsea Village, which is trying to de-

velop a £200 million leisure complex.

One leisure analyst said last night it was almost certain that investors would consider buying Chelsea. "There are plenty of people around who want to get into football because they perceive the financial benefits of Fay TV down the line."

But another analyst pointed out that an unknown portion of Chelsea's shares are allegedly owned by a shadowy Continental investor and Mr Bates is authorised to vote on behalf of these shares.

Interest in football investments has been heightened because of the lucrative television deals top clubs have agreed with satellite broadcaster BSkyB.

But still crucial to the appeal of football clubs is ego — Robert Maxwell (Oxford United and Derby), Alan Sugar (Tottenham Hotspur), Sir John Hall (Newcastle United) and Jack Walker (Blackburn Rovers) were all lured by the apparent glory of owning a top club.

YOU CAPITALIST DOG.

How much you possibly throw your family out on the streets!

Monopoly is now on PC CD-ROM. Be a capitalist dog and bounce around in 3D graphics, buying up the board as you go. Bankrupt your opponents, steal their property and throw them into jail.

Will you get rich and lead a dog's life, or will someone else's ship come in? Also look out for Battleship, Cluedo, Risk, Trivial Pursuit, Othello and Yachtzee from Hasbro Interactive. www.hasbro.com

Available at Alders, Beatties, Bays, Currys, Dixons, Electronic Boutique, Game, HMV, PC World, Staples, Toys R Us, Virgin, WH Smith and all good computer stores.

News in brief

Friends rescue young violinist

A YOUNG virtuoso violinist, rescued from a railway line by friends after celebrating his birthday, was last night recovering from burns caused by falling on a 750 volt line. His hands were said to be burned to the bone.

Three face drugs trial

THREE men accused of involvement in an alleged £78 million cocaine supply ring, were committed for trial at Woolwich crown court, south east London, on December 2 when they appeared before Belmarsh magistrates yesterday.

Abbey's Christmas mystery

WHEN the monks of Downside Abbey in Dorset gathered to make a recording for a CD, a strange clacking could be heard in the background. Sound engineers came, uprooting benches in the splendid neo-Gothic abbey, but could shed no light.

Bosnia bravery awards

GRAPHIC evidence that the biggest threat facing British troops in Bosnia comes from mines is contained in bravery awards announced yesterday by the Ministry of Defence.

Mine 'caused quakes'

SCIENTISTS last night blamed Monktonhall Colliery for causing a series of earth tremors east of Edinburgh. Seismologists at the British Geological Survey have been monitoring ground movements in the Newcraighall, Musselburgh and Portobello areas of the city to trace the cause of 79 tremors.

Crisps recalled

WALKERS, the snack food company, yesterday ordered the recall of millions of packets of crisps amid fears that shards of glass may have fallen into some bags.

US jail time allowed against sentence



Peter McMullen after being freed

Ex-Para who bombed barracks for IRA is set free

Owen Bowcott

A PARACHUTE regiment's ex-captain, who deserted to join the Provisional IRA and bombed British army barracks, was freed yesterday after being sentenced to 14 years for attacks which took place in the mid-1970s.

The Para by republican colleagues, injured a woman Naal worker with a bomb at the Royal Engineers Claro Barracks near Ripon, North Yorkshire, in March 1974.



Claro Barracks near Ripon after the bomb planted by McMullen. A woman was injured but soldiers were evacuated in time

deserted from the Palace Barracks in Belfast in January 1972, taking two firearms with him. He was recruited by the Provisional IRA and sent to Britain to set up IRA cells and select targets.

After the Claro bombing he was arrested for a firearms offence in the Irish Republic, convicted by the Central Criminal Court in Dublin and imprisoned until 1977.

After the Claro bombing he was arrested for a firearms offence in the Irish Republic, convicted by the Central Criminal Court in Dublin and imprisoned until 1977.

Chief Inspector Dennis Brewer, head of North Yorkshire police, said: "I have spoken to Mr McMullen and he is very relieved. I think he is as surprised as anyone that he is now a free man again."

Justice minister attacked over Irish court fiasco

IRISH justice was compared to that of a banana republic yesterday when 16 prisoners facing terrorism charges had to be released and then re-arrested because they had appeared before a judge who was not told that he was no longer eligible to serve in the state's most sensitive court, writes David Sharrock.

The justice minister, Nora Owen, was under pressure to resign as the latest embarrassment for the republic's judicial system unfolded in high farce.

There was also a former senior member of Republican Sinn Fein charged in connection with a vehicle bomb near the Irish border last November and a self-styled leader of the Scottish National Liberation Army charged with having incendiary devices addressed to the Labour leader, Tony Blair, and the shadow Scottish secretary, George Robertson.

There was also a former senior member of Republican Sinn Fein charged in connection with a vehicle bomb near the Irish border last November and a self-styled leader of the Scottish National Liberation Army charged with having incendiary devices addressed to the Labour leader, Tony Blair, and the shadow Scottish secretary, George Robertson.

There was also a former senior member of Republican Sinn Fein charged in connection with a vehicle bomb near the Irish border last November and a self-styled leader of the Scottish National Liberation Army charged with having incendiary devices addressed to the Labour leader, Tony Blair, and the shadow Scottish secretary, George Robertson.

There was also a former senior member of Republican Sinn Fein charged in connection with a vehicle bomb near the Irish border last November and a self-styled leader of the Scottish National Liberation Army charged with having incendiary devices addressed to the Labour leader, Tony Blair, and the shadow Scottish secretary, George Robertson.

Lilley unmoved by court censure over 'illegitimate' suspension of benefit to disabled

David Brindle, Social Services Correspondent

PETER Lilley, Social Security Secretary, was wrong to be withholding benefit payments to thousands of disabled people while trying to get the

courts to deny their entitlement, a judge ruled yesterday. Mr Justice Laws declared in the High Court that the minister had been engaged in an "illegitimate exercise" in withholding benefit from one such claimant, a partially-sighted student from Swansea.

Welfare groups called on Mr Lilley to act on the ruling and lift the block on all payments. But a statement from the Department of Social Security indicated this was unlikely. It said: "We are considering the precise terms of the judgment and its possible

wider implications for the department, but we do have a responsibility to the taxpayer to ensure money is not paid out in cases where it transpires there is no legitimate claim and little possibility of subsequent recovery."

The argument surrounds a two-year-old battle over the right of disabled people to benefits to enable them to take part in social, cultural and leisure activities.

last year that Rebecca Halliday, a deaf woman from Newark, Nottinghamshire, should get benefits beyond those "necessary to maintain life itself".

Officials 'not obliged to tell the truth'

Richard Norton-Taylor

CIVIL servants are under no obligation to tell Parliament the truth, the Government said yesterday.

Ministers order conscript army of dole workers

Sources: MINE Labour Editor

THE Government yesterday unveiled a £100 million nationwide plan to conscript 100,000 long-term dole claimants into compulsory work experience schemes in a decisive acceleration towards full-scale US-style workfare.

Universities urged to clamp down on 'degree inflation'

Donald MacLeod Education Correspondent

A STEEP rise in the proportion of students gaining top degrees has prompted the Higher Education Quality Council to call on universities to act together to clamp down on degree "inflation".

Suppliers to Royal Botanic Gardens, Kew and David Attenborough's 'Private Life of Plants'

Suppliers to Royal Botanic Gardens, Kew and David Attenborough's 'Private Life of Plants'

Officially 'not obliged to tell the truth'

Officially 'not obliged to tell the truth'

Universities urged to clamp down on 'degree inflation'

Universities urged to clamp down on 'degree inflation'

GROW YOUR OWN

Advertisement for Sunlight Systems growlights, featuring images of plants and text describing the benefits of growlights.

Advertisement for Sunlight Systems, listing various products and contact information for different branches.

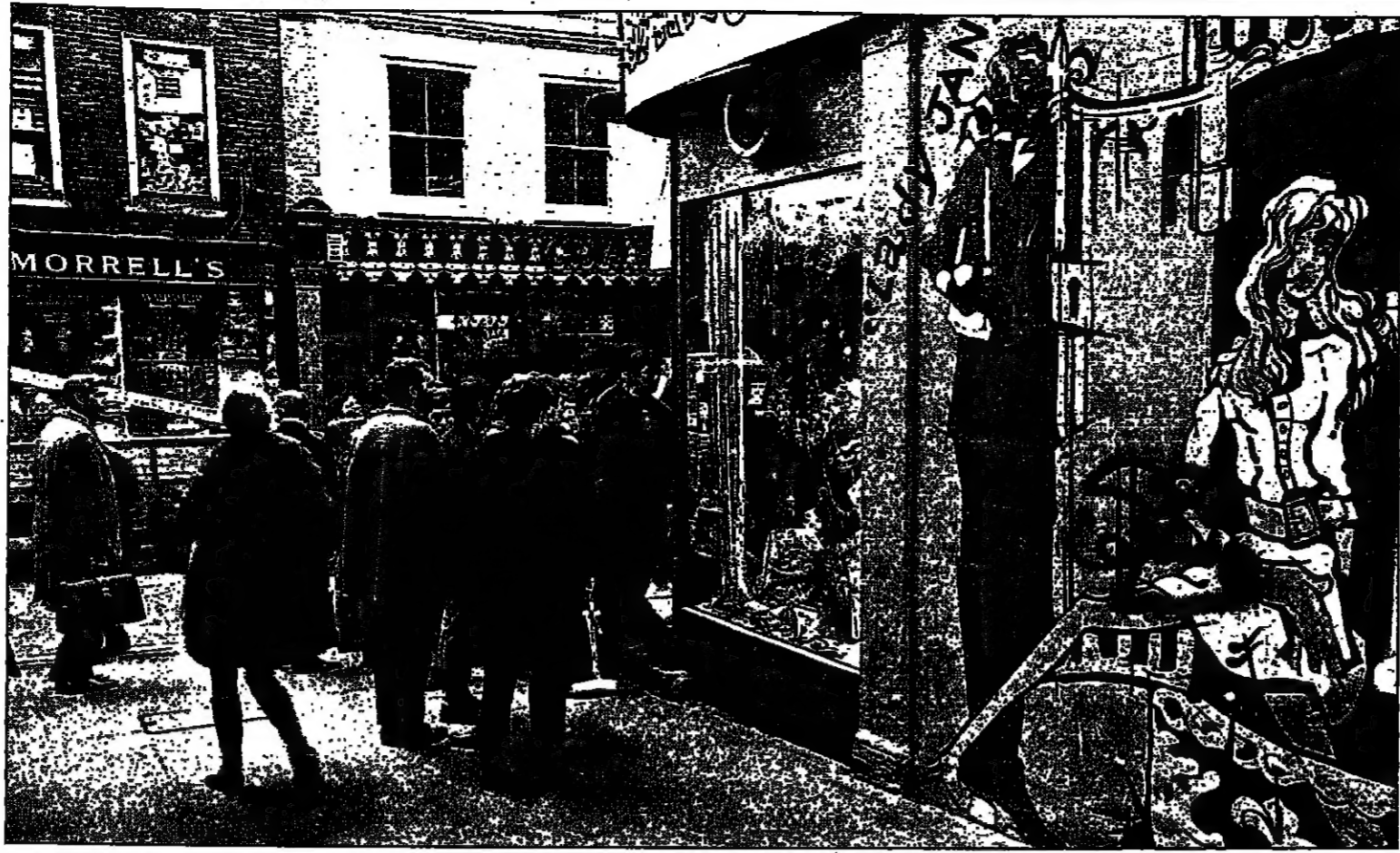
Handwritten text at the bottom of the page.

1990s

CLIENTS: German and Swedish tourists; afternoon strollers; tramping school children; nostalgic budding swingers... SHOPS: Holland & Barratt; Boots; Body Shop; Whittards... AVERAGE PURCHASE: A box of English tea; camomile shampoo... CLOTHES: Denim jackets, leather mini-skirts, Doc Marten boots... CARS: There aren't any. Pedestrians only

1960s

CLIENTS: The Beatles; the Rolling Stones; Sonny and Cher; the Yardbirds; Frankie Vaughan; Cliff Richards; George Melly; Pete Townshend; others who were there but can no longer remember... SHOPS: Mary Quant; Lord John... AVERAGE PURCHASE: Pair of velvet corduroy trousers with 14in bell bottoms... CLOTHES: Regency jackets, crushed velvet flares; kate-winslet in upholstery fabric; seersucker jackets; tie-dye trousers; shirts in muscovee and scarlets; old Hussar tunics... CARS: Burgundy Cadillacs; white Rolls Royces; Lamborghinis



Carnaby Street in its heyday in the 1960s. Now a property company hopes to recreate a fashion mecca

PHOTOGRAPH: PETER JOHNS

'Bygone, faded' Carnaby Street gets another chance

Luke Harding

DICKENS once described it as a "bygone, faded, and tumble-down street". By the 60s it had come to symbolise the spirit of the age, and the revolutionary counter-culture of swinging London. But yesterday, Carnaby Street, once a fashion and music mecca but now little more than a dingy tourist ghetto, was sold to a property company for £90 million.

The Shaftesbury company bought the properties in the central London street from the Dutch company, Wereldhave, with a view to restoring the street to its former glory. Shaftesbury already owns large parts of the capital's historic Chinatown and Covent Garden. The 93 buildings on and around Carnaby Street house an eclectic mix of shops, studios and leisure attractions. In the 1960s the street was home to men's fashion boutiques in an era when acceptable dress included three-button mohair jackets and candy-striped jackets.

Regular customers of the shops, mostly run by the millionaire John Stephen, included such cultural icons as the Beatles, the Rolling Stones, the Kinks, the Who and Cliff Richard. One of the Kinks' most famous songs, Dedicated Follower of Fashion, was inspired by Carnaby Street. Nowadays just 18 of the 50 shops on the street sell clothes, while the modern tenants include shops which could be found on any suburban high street — Boots, Body Shop and Holland & Barratt.

Brian Bickell, finance director of Shaftesbury, said the firm hoped to transform Carnaby Street back into a fashion mecca. "We need to get young people back, which will take a year or two," he said. "Ideally, we would like to remove some of the high street names and replace them with young designers."

"We are looking at the 18 to 30 age range — people with high disposable incomes who want something special, something fashionable. London is increasingly recognised as the place to be for fashion retailers. Designers from abroad are desperate to move here."

The vital statistics of the street are no longer the size of labels and the width of the bell-bottomed trousers, but the financial returns — £5.8 million a year rental income. Shaftesbury, which describes itself as a specialist investor in retail and tourist locations, already owns 120 shops and restaurants in central London.

'Blunders' led to jail bus hijack

Alan Travis Home Affairs Editor

THREE of the six dangerous prisoners still on the run after hijacking a coach this week had escaped from jail before — one of them three times, the Prison Service confirmed last night.

The decision to use an ordinary commercial coach rather than a van with separate cells to move the inmates, five of them convicted robbers, was approved by Prison Service managers despite the men's history of escapes. The guards on the coach were not told of their security backgrounds.

The disclosure of the full scale of the blunders involved in the mass escape shows it is the most serious since the Parkhurst, Isle of Wight, breakout in January last year. The Category B prisoners were being moved from Blundston prison in Suffolk on Tuesday after they carried out a revenge beating on another inmate which left him with such severe injuries he needed plastic surgery.

According to a Prison Service source, it was "one of the worst assaults inside a prison in recent years", and is believed to have occurred after the victim failed to settle a drug debt with one of the six.

The internal investigation is also expected to tell the Home Secretary, Michael Howard, that the prisoners were in control of the coach for an hour after slipping their handcuffs and beating the five guards while on the M25.

After ordering the civilian driver to take them to Archway, north London, they tore up their prison records and threw them out of the windows and put on their own clothes which were also with them for their transfers to Pentonville and Wormwood Scrubs jails in London. They were last seen fleeing on foot on Tuesday night.

The three inmates who had escaped before were: Lee Mitty, serving 11 years for robbery, who absconded from Litchfield prison, Cambridgeshire, in July 1990 and was on the run nearly two years; Warren Edwards, serving eight years for robbery, who had escaped three times before — in 1981, 1982 and 1985; and Gary Stiggs, serving 10 years for robbery, who escaped from police cells in 1983 while awaiting a court appearance and was on the run several months.

Harry Fletcher, assistant general secretary of the National Association of Probation Officers, said last night it was extraordinary that prisoners, half of whom had escaped before, were put on a civilian bus for their transfer. "The public are at a serious risk as a consequence of these blunders," he said.

These blunders, he said, also complained about the use of "unsecured vehicles", saying there had been a number of escapes from coaches.

However, a Prison Service spokesman said it was usual to use coaches to transfer Category B prisoners, and cellular vans were reserved for the most serious inmates.

Watchdog under fire in MPs' media inquiry

Andrew Cull Media Correspondent

LORD Wakeham, chairman of the Press Complaints Commission, clashed angrily with MPs yesterday after he was criticised as a "eunuch doing the best in the circumstances".

During ill-tempered exchanges, in which he denied that the commission was useless and a public relations facade, Lord Wakeham accused Gerald Kaufman, Labour chairman of the National Heritage committee, of being the most "offensive maker of remarks" at Westminster.

The committee's inquiry into newspaper payments to witnesses in court cases broadened into a wide-ranging discussion of the effectiveness of press self-regulation.

Lord Wakeham, a former Tory chief whip, repeatedly complained that MPs were straying from the point as they accused the commission of being toothless, with inadequate sanctions.

At one point after Lord Wakeham conceded that the commission was voluntary, Mr Kaufman said: "You are telling us your body is completely useless, but statutory regulation is unattractive."

Lord Wakeham replied: "I would very strongly urge the Government not to bring in statutory controls on the press which we have not had since the days of Magna Carta."

Mr Kaufman intervened again, saying Lord Wakeham "sounds like a eunuch trying

'Like a eunuch trying to do the best in the circumstances'

— Kaufman to Wakeham

'I cannot think of a more offensive maker of remarks than you'

— Wakeham to Kaufman

to do the best in the circumstances".

Lord Wakeham said: "I cannot think of a more offensive maker of remarks than you — but even you are not as good as you used to be. I know the chairman of the committee is a sensible, reasonable person, but he is doing his best to disguise it today. It is a pity he is not more civilised and polite."

Although Mr Kaufman said he was suitably chastened, Lord Wakeham said it did not look like it.

Later Tim Renton, MP for Mid-Sussex and a former Tory minister, said: "Anyone involved in public service taking on the Press Complaints Commission is a very

brave man. It is absolutely intolerable for Lord Wakeham to be referred to as a eunuch. It is the last thing a eunuch would do. It is a great pity the committee has become embroiled in this kind of emotional argument."

John Maxton, Labour MP for Glasgow Cathcart, said questioning had been offensive and unnecessary, but Sir John Gorat (Conservative, Hendon North) suggested the commission was "nothing better than a public relations facade" for newspapers.

Last week the Lord Chancellor published a consultation document recommending that payments to witnesses should become a criminal offence, or a contempt of court. The issue arose after 19 witnesses in the Rosemary West murder trial signed contracts with the media.

Lord Wakeham said the industry's code on payments had been tightened to toughen public interest justification for payments, which would have to be disclosed to prosecution and defence.

He said the Lord Chancellor had cited just four cases raising concerns over 40 years, none involving miscarriages of justice. "The case for statutory controls is not made out."

Mike Jempson, executive director of PressWise, a voluntary organisation that campaigns for victims of media abuse, urged a strengthening of the contempt laws. "We think chequebook journalism is an abdication of journalism," he said.

BBC asked to reverse Armistice Day snub

John Ezard

THE BBC was asked yesterday to reverse an instruction in a confidential memo to its local radio stations to ignore a voluntary two-minute silence on Monday in honour of Britain's war dead.

The memo — from Nigel Chapman, controller of English regional broadcasting — tells the stations not to cover events observing the silence at local cenotaphs. They should continue with normal programming.

Executives are ordered to implement the policy but not to make copies of the memo. Angry station staff interpret this as meaning the corporation fears controversy.

The voluntary homage, urged by the Royal British Legion, is due to be observed by hundreds of organisations across Britain, by BBC1 and Radio 2, and by nearly all commercial and local radio channels. It has been supported by all three party leaders and by the Defence Minister, Michael Portillo.

It is an attempt to re-establish the custom, replaced by Remembrance Sunday in the 1950s, of holding silences on exact anniversaries of the first world war armistice at 11am on November 11, 1918, in memory of the dead.

Last year the BBC was showered with complaints for ignoring the occasion. Its outgoing chairman, Marmaduke Hussey, apologised. Yesterday the legion said it was disappointed and surprised by the memo. "We understood from discussions

with the BBC that it would leave local radio stations to decide for themselves.

"The country has taken the two-minute silence to its heart as we knew it would. We do not want to upset the BBC but we hope the policy will be reversed and station managers will be allowed to do as they think fit."

However, the BBC made clear that it would stick to the policy. A spokesman cited a statement by Will Wyatt, chief executive of BBC Broadcast, saying that, while the corporation should reflect any mood of public support, it should not "impose a silence on all our viewers and listeners".

Radio stations should replace it with "appropriate" material such as interviews with veterans.

Reactions to the film vary. A group of Miami ladies, the landed rich who fled the country during the dark days of the Sandinista revolution, go into a huddle at the foot of the stage, all shoulder pads and painted nails. Ken Loach on tour in Nicaragua

Friday Review cover story

Dixons advertisement featuring various mobile phones and offers. Main offer: UP TO 100 FREE BT MINUTES ON ALL TELEPHONES OVER £20. Other offers include: SAVE UP TO 33% ON TELEPHONES, SAVE UP TO £15 WITH THIS VOUCHER, BT FREESTYLE 100 CORDLESS PHONE WITH DIGITAL ANSWERING MACHINE for £119.99, BINATONE ANSWERS PHONE for £14.99, BT RESPONDER 100 ANSWERPHONE for £44.99, BT FREESTYLE 90 CORDLESS PHONE for £74.99, DIALTRON CALL TIMER 2-PIECE PHONE for £17.99, Betacom PHOENIX PHONE for £14.99, ASTRAL KNIGHTSBRIDGE DECORATIVE PHONE for £28.99, BINATONE SPEAKER PHONES for £19.99, BINATONE DP2 PHONE for £29.99. A large phone image shows a SAVE £5 PLUS 100 FREE BT MINUTES offer. The Dixons logo is at the bottom with the slogan 'THERE'S A GREAT DEAL GOING ON THIS CHRISTMAS'.

Germany's single-currency dilemma

Bundesbank caught in euro storm

Ian Traynor in Bonn

HELMUT SCHMIDT, former German chancellor and ardent European, launched a bitter attack on the Bundesbank yesterday, accusing the central bank chief, Hans Tietmeyer, of orchestrating a campaign to wreck the single European currency.

In a lengthy open letter published in Die Zeit weekly, Mr Schmidt accused the Bundesbank of holding the rest of Europe to ransom over the single currency and sowing international resentment of Germany.

"The Germany represented by you," he wrote, "seems greedy for power and too strong to many of our neighbours... Mr Tietmeyer, you have occasionally made political and economic mistakes before."

"Since Maastricht the Bundesbank has pressed many of our European partners to follow its ideology... But the Bundesbank is not a state within a state... If you bring down the euro, you will curtail the [European] integration process."

Mr Schmidt's highly personal eruption followed developments on economic and monetary union in the past week which have set off alarm bells in the Bundesbank and elsewhere in Germany.

On Wednesday the European Commission predicted that 12 or 13 of the 15 European Union countries would pass the key single currency test next year: getting their budget deficits within 3 per cent of GDP.

The forecast was derided by economists as a triumph of faith over fact, and many observers it signalled that politics rather than economics was winning the single-currency battle.

"Of course, it's politics, not economics, that will determine the single currency," a Frankfurt banker said.

"If Kohl and Chirac are determined enough, it will happen. But the commission report is through rose-tinted spectacles, a wish-list for the best of all possible worlds."

The future European central bank, the European Monetary Institute — also reporting on Wednesday — was much more sceptical, saying that most EU countries were not on track for the sustainable convergence which is regarded as the *sine qua non* of a successful single currency.

Earlier in the week Brussels blessed a French government plan to devote its £5 billion windfall from France Telecom next year to improving public finances and bringing down its deficit.

Other countries, particularly Italy and Spain are similarly expected to try fiscal tricks to improve their prospects of joining the single currency club.

At the Bundesbank, jealous of its reputation as the guardian of fiscal probity, such manoeuvring raises hackles. It fears the systematic dilution of the single currency criteria. But German insistence on a single currency "stability pact" to set tight budgetary conditions and punish fiscal miscreants after the single currency launch has become bogged down in negotiations. The pact was to have been finalised at an EU summit next month, but German officials now say there will be no agreement in time. They are threatening, with Bundesbank support, to abandon the negotiations if the terms are not tight enough.

The German business establishment is worried by the trend towards relaxing the criteria for the single currency.

"Currency union has to be a success, and that means de-politicising its implementation, especially in deciding who can join, the head of Commerzbank, Martin Kohlhagen, said this week.

The recent slight weakening of the mark, he said, was good short-term news for the German economy, and based on the hope of a large currency union in 1999. "But it is an ill omen if it signals that a large currency union has slight chance of fulfilling its stability pledges."

In contrast, Mr Schmidt argued that over-insistence on stringency threatened to wreck the entire European project.

He likened Mr Tietmeyer's stewardship of the Bundesbank to the deflationary fiscal policies of its predecessor, the Reichsbank during the 1930s mass unemployment. Hitler came to power in 1933. German unemployment is now at its highest since those days.

The arguments over EMU and the clash between the political and economic cases illustrate the dilemma for Germany as the key power on the single-currency issue.

Economically, Germany has little to gain from EMU. It would be surrendering the continent's strongest and safest currency in return for the untried and the uncertain.

Politically, Mr Kohl has everything to gain. As the driving force behind European integration, he sees the single currency as a big step towards making the political project irreversible.

That had been the central foreign policy of all post-war German chancellors. Mr Schmidt argued. If EMU collapsed due to Bundesbank subversion, he went on, Germany would stand alone, surrounded by nervous and hostile neighbours.

Germany, although pro-EMU, are reluctant to give up the mark. They may even trust the Bundesbank more than they do the chancellor or Mr Schmidt.

Players in the numbers game

For entry to the European Monetary Union, the Maastricht treaty requires a budget deficit not exceeding 3 per cent of GDP. It also sets a maximum 6:10 ratio of state debt to GDP.

This week's European Commission report sees 12 or 13 of the 15 member states passing the 3 per cent test in 1997. Next year's economic data will decide who is fit for the single currency in 1999. Deutsche Bank Research forecasts that only 7 will pass the test next year.

The European Monetary Institute in Frankfurt — the fledgling EU central bank — said most members were not progressing to "sustainable economic convergence" — meaning they are failing the test.

Far left, 2,000 metal workers blow whistles in a protest in Berlin yesterday against proposals to cut their sick pay. Left, Chancellor Helmut Kohl (right) and the chairman of his FDP coalition partner, Wolfgang Gerhardt, share a joke during a debate on the annual tax law.

Jobs threat to Kohl goal

GERMANY'S jobless total is nudging the 4 million mark and last month rose up four times faster than had been projected, compounding the acute budget problems of the finance minister, Theo Waigel.

As the Federal Labour Office in Nuremberg yesterday reported a seasonally adjusted increase of 41,000 unemployed last month, taking the figures to 3,887,000, the Social Democrat opposition accused Mr Waigel of stewarding the "greatest financial chaos ever" in Germany.

The 41,000 figure was three-to-four times higher than predicted by analysts.

Mr Waigel, meanwhile, announced a further DM 1 billion (£430,000) cut in provision for the unemployed as he struggled to plug what he described as a DM 3 billion budget deficit.

Despite a modest upturn in the economy, the decision confirmed expectations that Germany faces a period of increasing unemployment.

The government claims its present austerity drive includes supply-side measures to put Germans back to work, but the dole queues are lengthening and will continue to do so in the months ahead, particularly in east Germany, as the winter brings lay-offs for construction workers.

Munich's IFO institute for economic research predicted 4 million jobless next year — 10.4 per cent of the workforce. Similar projections were made by six leading economic think-tanks last week.

A survey of 25,000 German companies this week showed them planning more lay-offs.

Chancellor Helmut Kohl said last spring, when he unveiled a package of spending cuts, that he hoped to halve unemployment by 2000 with a programme for "jobs and growth". He climbed down at his party congress last month, admitting he was too ambitious.

Mr Waigel, who is making cuts to meet the terms next year for the single European currency, signalled yesterday that savings would come from cutting funds earmarked for retraining the jobless.

But the spectre of growing mass unemployment threatens to undermine his budget calculations. If the jobless rate rises faster than projected, his revenue base will shrink and his outgoings rise, making it harder to meet the single-currency conditions.



Far left, 2,000 metal workers blow whistles in a protest in Berlin yesterday against proposals to cut their sick pay. Left, Chancellor Helmut Kohl (right) and the chairman of his FDP coalition partner, Wolfgang Gerhardt, share a joke during a debate on the annual tax law.

PHOTOGRAPHS: JAN BAUER/ROBERTO PFERL

French 'poised to invade Britain'

Le Figaro believes low costs are tempting firms to relocate. Alex Duval Smith in Paris reports

HUNDREDS of French companies could be tempted to relocate to Britain because of its low employers' costs and the lack of legislation on working conditions, according to Le Figaro.

With the main session of a Franco-British summit taking place in Bordeaux today, the rightwing daily newspaper issued a thinly-veiled ultimatum to the government: if it does not do more to help small businesses, they will depart to Europe's land of opportunity.

Britain, writes Le Figaro, has undergone a dramatic change in its 17 years under conservative governments. "The Thatcherite revolution has undeniably destroyed Britain's post-war welfare state," writes the paper.

The newspaper predicts that Britain — where 1,200 French companies already have bases — will grow stronger. Britain already secures more than 30 per cent of European foreign investment, ahead of France (18 per cent) and Germany (9 per cent), writes Le Figaro.

In a full-page article headlined, "These French firms which relocate across the Channel", the newspaper says Britain's low tax rate is a strong incentive.

"Employers' costs represent 10.2 per cent of salaries, as opposed to 40 to 45 per cent in France. Employees' contributions are less than 10 per cent of their salaries, against 20 to 25 per cent this side of the Channel."

"If company tax is comparable in both countries, British small businesses are entitled to a reduced rate of 24 per cent if their profits are below £300,000. In France, the reduced 19 per cent tax rate will apply from 1997 to small businesses which reinvest their profits in the company."

"Finally, the much vaunted flexibility of the British labour market is not a myth. In Great Britain, there is neither a minimum wage, a limit on working hours, nor statutory holidays. Short-term contracts can be renewed indefinitely," it writes.

The article was inspired by the recent move of a Paris businessman, Olivier Cadic, to Ashford, Kent. He claims that had his electronics company, Info-Elec, been based in Britain last

relocating to Britain has its disadvantages, especially in terms of the relationship between companies and their employees. "With only a minimum amount of protection, a British employee often feels no obligation towards his employer. Privately, a French businessman concedes that the quality of French labour is much higher," writes Le Figaro.

It adds that British productivity is 10 per cent lower than that of France, British staff are ill-trained and the country's transport infrastructure is overloaded and of poor quality.

Nevertheless, writes Le Figaro: "To those who accuse Britain of offering bad social cover and of causing impoverishment among the poor, only one thing can be said — an ill-paid job is better than no job."

There is scepticism in Britain about the claim that French companies are beginning to relocate in increasing numbers. A spokeswoman for the Confederation of British Industry expressed surprise at talk of a trend, but admitted "it's not something we monitor."

Martin Graham, chief executive of the Kent Chamber of Commerce and Industry, said: "There is not much of a trend; we keep hoping there will be. Kent has a massive amount to offer, like low labour costs and a foothold in the English-speaking world."

relocating to Britain has its disadvantages, especially in terms of the relationship between companies and their employees. "With only a minimum amount of protection, a British employee often feels no obligation towards his employer. Privately, a French businessman concedes that the quality of French labour is much higher," writes Le Figaro.

It adds that British productivity is 10 per cent lower than that of France, British staff are ill-trained and the country's transport infrastructure is overloaded and of poor quality.

Nevertheless, writes Le Figaro: "To those who accuse Britain of offering bad social cover and of causing impoverishment among the poor, only one thing can be said — an ill-paid job is better than no job."

There is scepticism in Britain about the claim that French companies are beginning to relocate in increasing numbers. A spokeswoman for the Confederation of British Industry expressed surprise at talk of a trend, but admitted "it's not something we monitor."

Martin Graham, chief executive of the Kent Chamber of Commerce and Industry, said: "There is not much of a trend; we keep hoping there will be. Kent has a massive amount to offer, like low labour costs and a foothold in the English-speaking world."

Greece treads water after missing single-currency wave

John Hooper, Southern Europe Correspondent

HOWEVER much the criteria for Economic and Monetary Union (EMU) are fudged, it is clear that Greece will not qualify for membership of the lead group. Acknowledged privately by government officials for some time, it has been conceded openly only in recent weeks.

The European Monetary Institute, the forerunner of the planned European central bank, will base its final recommendations on the performance of member states next year. But Yannis Papanastasiou, the Greek finance

minister, said he hoped to meet the Maastricht criteria a year later — in 1998 — "so that [Greece] can seek participation in the EMU on an equal basis in the following two years."

The paradox is that, although it may be the laggard of Europe, Greece has a government elected to office on a pledge of austerity.

The free-spending Socialist populism practised by the late Andreas Papandreu and his party, Pasok, in the Eighties, is the main reason why Greece's key economic indicators are so far out of line with the Maastricht criteria. As a result, the government now owes more than the country produces in a year; its inter-

est payments come to more than its combined spending on defence, education, health and social security.

The interest burden is the underlying reason why the government has the EU's biggest budget deficit — and the gap between income and outgoings means prices in Greece are still rising steeply.

But Mr Papandreu had begun to adopt stricter policies before his fatal illness, and his successor, Costas Simitis, has vowed to tighten up even further. After his reelection in September, he promised a war on tax evaders and a curb on law breakers. His first budget next month will show just how tough he is prepared to be.

But some economists believe fiscal stringency will not be enough, and that Pasok's close ties with the public sector trade unions preclude the programme of privatisation, which they say is necessary in order to cut the deficit and meet the demands of EMU.

That is not just a sticking point with the Socialists. A former government adviser, Professor George Bitros, of Athens University, tried unsuccessfully to get the right-wing Mitsotakis government to undertake a radical programme of asset sales.

"No party has accepted that this is the right medicine for the Greek economy," he said yesterday.

ESS is a leading supplier of the full range of Compaq PCs, Notebooks and Servers, and is able to provide both pre sales and post sales technical support. We understand the need to provide complete solutions and are experienced at dealing with all sizes of business. ESS can supply the Deskpro 2000 from stock, immediately, at these extremely aggressive prices. Prices for other configurations can be found on our web site: www.ess.co.uk

Compaq Deskpro 2000 S133 M1000, Intel Pentium® 133-MHz processor, 256 Kb cache, 1-GB hard drive, 16-MB memory plus Compaq 140, 14" SVGA monitor.

£979

FOR HUGE SAVINGS ON COMPAQ COMPUTERS EVERYTHING POINTS TO US.

ORDER HOTLINE Tel: 0345 02 38 63

COMPAGN COSTS YOU LESS THAN OTHER COMPUTERS.

Officially the UK's leading PC retailer. Photograph shows 15" monitor price quoted refers to specification description only and is exclusive of VAT at 7.5%.

Pentium is a registered trademark of Intel Corporation.

Old guard qu... before the siege begin...

كلمة من القرآن



Elizabeth Dole, seen as a highly polished politician's wife, may top the list of rising Republican stars in her own right

Sounding out a last post for a battle-weary veteran

Jonathan Freedland in Washington

OLD soldiers never die, they only fade away, but what happens when the old soldier is also an old dealmaker, insider and power politician? Such is the dilemma of Bob Dole, the defeated Republican presidential candidate, as he ponders his future after nearly 50 years in politics.

Jonathan Freedland in Washington... Dole's political career... commission on Medicare, the health system for the elderly.

— as transport and labour secretary — she has a distinguished political record. "She'd be at the top of the list of Republican stars," said the strategist, citing her energetic campaigning and smash-hit performance at the party convention in San Diego.

Bob Dole is taking time to ponder his future and to catch up on sleep after his defeat in the presidential elections



Bob Dole is taking time to ponder his future and to catch up on sleep after his defeat in the presidential elections

Old guard quits before the siege begins

Martin Walker in Washington

PRESIDENT Bill Clinton postponed his planned departure for a post-election holiday in Hawaii last night as the business of reshuffling and refilling his cabinet proved more complex than he had expected.

two: the former Senate leader George Mitchell, and the ambassador to the United Nations, Madeleine Albright. But the strengthened Republican majority in the Senate has changed that, for Mr Clinton now hopes to recruit some prominent Republicans into his cabinet as insurance against partisan vendettas.

Token austerity steps as Bhutto is allowed to meet husband

Suzanne Goldenberg in Islamabad

PAKISTAN'S new caretaker government has started to assert its authority amid signs that the constitutional coup that brought it to power earlier this week was over-hasty.

Supporters of Nawaz Sharif, the opposition leader and Benazir Bhutto's arch-rival, celebrate her sacking in Lahore yesterday

to the people, than to serious trimming of government spending. Irshad Haqqani, the information minister, said his cabinet colleagues had volunteered to cut their salaries by half and to give up some of the lavish perks that accompany high office in Pakistan.

of class status which is an anachronism in an Islamic and democratic order," Mr Haqqani said. The caretaker government also sacked political appointees to the civil service and recalled nearly 20 ambassadors.

News in brief

Doctors' protest closes hospitals

ZIMBABWE'S two biggest government hospitals were shut by a crippling strike by nurses and junior doctors yesterday for the second day running.

Japan's elders take helm

JAPAN'S prime minister, Ryutaro Hashimoto, launched his minority government yesterday, naming a cabinet of mainly party elders which included a 69-year-old finance minister.

Italy holds terror suspects

POLICE in Italy said they had arrested 17 people yesterday on suspicion of supplying arms and providing other support to Algeria's radical Armed Islamic Group (GIA).

Mayor's wife investigated

MAGISTRATES are investigating the wife of the Paris mayor, Jean Tiberi, in the latest corruption inquiry into the family, a judicial source said yesterday.

Cyclone toll rises

A FIERCE cyclone struck two coastal south-eastern Indian districts, killing at least 400 people and destroying 10,000 homes, the state's chief executive said yesterday. He said the death toll may reach 2,000.

Imelda loses sight of US

A MANILA court has rejected a petition by the former first lady Imelda Marcos to be allowed to travel to the United States for treatment for glaucoma, ruling that Filipino eye doctors are as competent as Americans.

Ms Smith off to Washington in crusade for gun control

Ian Katz in New York

AMONG the sweetest victories in Tuesday's United States elections was that of Carolyn McCarthy, a 52-year-old former nurse from Long Island who had never before stood in as much as a school-board election.

When her Republican congressman, Dan Frisa, voted to repeal the ban on assault weapons she had fought to introduce, she vowed to unseat him and take her campaign to Washington.

EU passes the buck on Zaire even though ministers voice concern

Stephen Bates in Brussels and Chris McGreal in Congo

EUROPEAN Union ministers spent yesterday squabbling over the extent of help to resolve the conflict on Zaire's eastern border.

corridors for aid and safeguard humanitarian efforts... Britain's Baroness Chalker, the Overseas Aid Minister, retorted: "He ought to find out what the facts are before he accuses people of things."

community's spinelessness." Britain's Baroness Chalker, the Overseas Aid Minister, retorted: "He ought to find out what the facts are before he accuses people of things."

around Bukavu, aid officials said. "They say there are hundreds behind on the road," said Claude Olinga, the local administrator of the religious charity Caritas.

Let's face it: musically, we are a naff nation. An island of permanent tack. A culture that burnishes efficient cabaret into passable pop. Pat Kane applauds Wallypop

Friday Review page 12

Diary

Dan Atkinson

LADY Olga Matland brought a special understanding on Wednesday night to the...

MEANWHILE, her colleague Malcolm Rifkind should be aware of the downside of any snappish outburst...

NEVER one for uniformity, flamboyant Kenneth Jacob King would seem to be turning his crusading zeal against the mistreatment of disabled people...

THREATS of closure is a dark, bitter poem published in the latest edition of Arts Management Weekly...

ELSEWHERE in theatre, fun-loving dramatist Samuel 'Smiler' Beckett features...

ANOTHER MANIFESTO A MONTH ago we launched Another Manifesto, a readers' free-access zone designed to inject fresh ideas into the stagnant political debate...



Looking forward to yesterday

Commentary

Peter Preston

HOW OLD Bob Dole? Old Bob Dole all washed up: how you?

Age matters in the defeat of the week. Age matters, too, as the party analysts begin to tap out their American lessons for British electoral consumption.

Age matters, too, as the party analysts begin to tap out their American lessons for British electoral consumption.

Age matters, too, as the party analysts begin to tap out their American lessons for British electoral consumption.

Age matters, too, as the party analysts begin to tap out their American lessons for British electoral consumption.

Age matters, too, as the party analysts begin to tap out their American lessons for British electoral consumption.

Age matters, too, as the party analysts begin to tap out their American lessons for British electoral consumption.

Age matters, too, as the party analysts begin to tap out their American lessons for British electoral consumption.

Age matters, too, as the party analysts begin to tap out their American lessons for British electoral consumption.

Age matters, too, as the party analysts begin to tap out their American lessons for British electoral consumption.

with the Truman plans that helped him and other GIs back to civilian life. The Republican convention, at root, said it all.

Fundamental mis-reading. The country may be older than it was, and sun-baking up. It may occasionally wallow in nostalgia and picket fences.

Age matters, too, as the party analysts begin to tap out their American lessons for British electoral consumption.

Age matters, too, as the party analysts begin to tap out their American lessons for British electoral consumption.

Age matters, too, as the party analysts begin to tap out their American lessons for British electoral consumption.

Age matters, too, as the party analysts begin to tap out their American lessons for British electoral consumption.

Age matters, too, as the party analysts begin to tap out their American lessons for British electoral consumption.

Age matters, too, as the party analysts begin to tap out their American lessons for British electoral consumption.

Age matters, too, as the party analysts begin to tap out their American lessons for British electoral consumption.

Age matters, too, as the party analysts begin to tap out their American lessons for British electoral consumption.

Age matters, too, as the party analysts begin to tap out their American lessons for British electoral consumption.

continue to write about the inside of the DC beltway as something antipathetic to the greater America. But they see it only as central politics versus devolved state politics.

Age matters, too, as the party analysts begin to tap out their American lessons for British electoral consumption.

Age matters, too, as the party analysts begin to tap out their American lessons for British electoral consumption.

Age matters, too, as the party analysts begin to tap out their American lessons for British electoral consumption.

Age matters, too, as the party analysts begin to tap out their American lessons for British electoral consumption.

Age matters, too, as the party analysts begin to tap out their American lessons for British electoral consumption.

Age matters, too, as the party analysts begin to tap out their American lessons for British electoral consumption.

Age matters, too, as the party analysts begin to tap out their American lessons for British electoral consumption.

Age matters, too, as the party analysts begin to tap out their American lessons for British electoral consumption.

Age matters, too, as the party analysts begin to tap out their American lessons for British electoral consumption.

Age matters, too, as the party analysts begin to tap out their American lessons for British electoral consumption.

convention floor. John Major in shirt-sleeves promptly moves to become one of Blair's People for Bournemouth.

Age matters, too, as the party analysts begin to tap out their American lessons for British electoral consumption.

Age matters, too, as the party analysts begin to tap out their American lessons for British electoral consumption.

Age matters, too, as the party analysts begin to tap out their American lessons for British electoral consumption.

Age matters, too, as the party analysts begin to tap out their American lessons for British electoral consumption.

Age matters, too, as the party analysts begin to tap out their American lessons for British electoral consumption.

Age matters, too, as the party analysts begin to tap out their American lessons for British electoral consumption.

Age matters, too, as the party analysts begin to tap out their American lessons for British electoral consumption.

Age matters, too, as the party analysts begin to tap out their American lessons for British electoral consumption.

Age matters, too, as the party analysts begin to tap out their American lessons for British electoral consumption.

Age matters, too, as the party analysts begin to tap out their American lessons for British electoral consumption.

Age matters, too, as the party analysts begin to tap out their American lessons for British electoral consumption.

COMMENT AND ANALYSIS 9

My poor bloody mother - how could she?



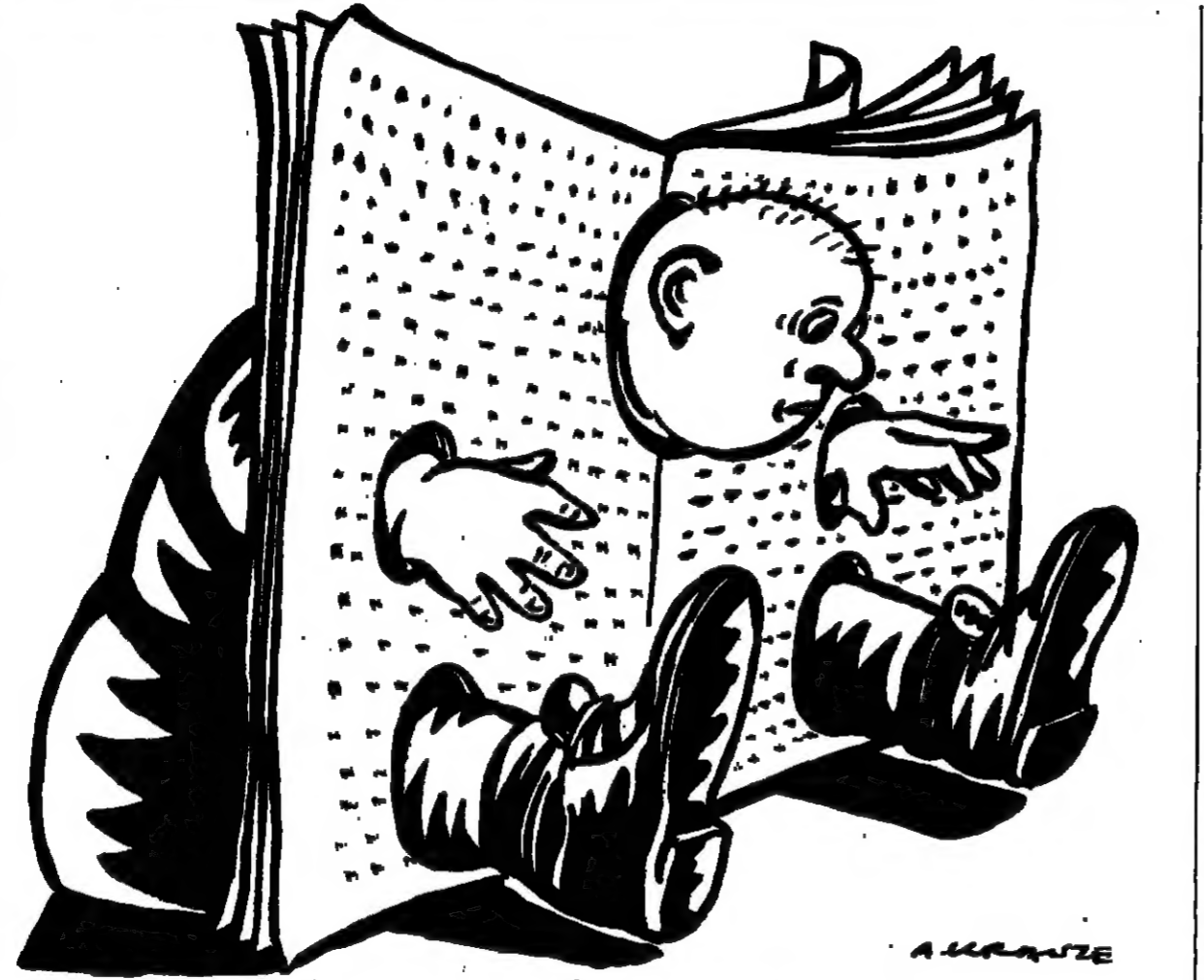
Bel Littlejohn

"I've brought you some flowers for your deathbed, Mama," I said last week, my voice choking with raw and untethered emotion.

It is the cold light of day, it is impossible to ascertain the full effect on my adult self of this devastating catalogue of childhood denial.

It was ever thus. One of my earliest memories - described in my book in clipped, raw sentences, adding up to a portrait of life in nappies that is at once poignant and pungent, overflowing with deep-seated feelings.

It is the cold light of day, it is impossible to ascertain the full effect on my adult self of this devastating catalogue of childhood denial.



Guilty parties

To be a 'naughty' child today can mean national media exposure. Is this really in the public interest? Education Editor John Carvel urges a debate to fix the new rules

THE FACE of the expelled 15-year-old staring out from the front page of yesterday's Express was a perfect image of surly defiance.

display which blackens his reputation and may blight his prospects? This is not a charge of tabloid excess, fired from the sanctimonious luxury of a broadsheet paper.

Keep our leaders in check

ANOTHER MANIFESTO A MONTH ago we launched Another Manifesto, a readers' free-access zone designed to inject fresh ideas into the stagnant political debate.

allegiances becoming less important than the issues of the day," he says. That does not go nearly far enough for David Marcor of Gloucester, who wants to abolish the profession of politics altogether.

Advertisement for Wallguard ceramic tube system of damp proofing, including text and images of the product.

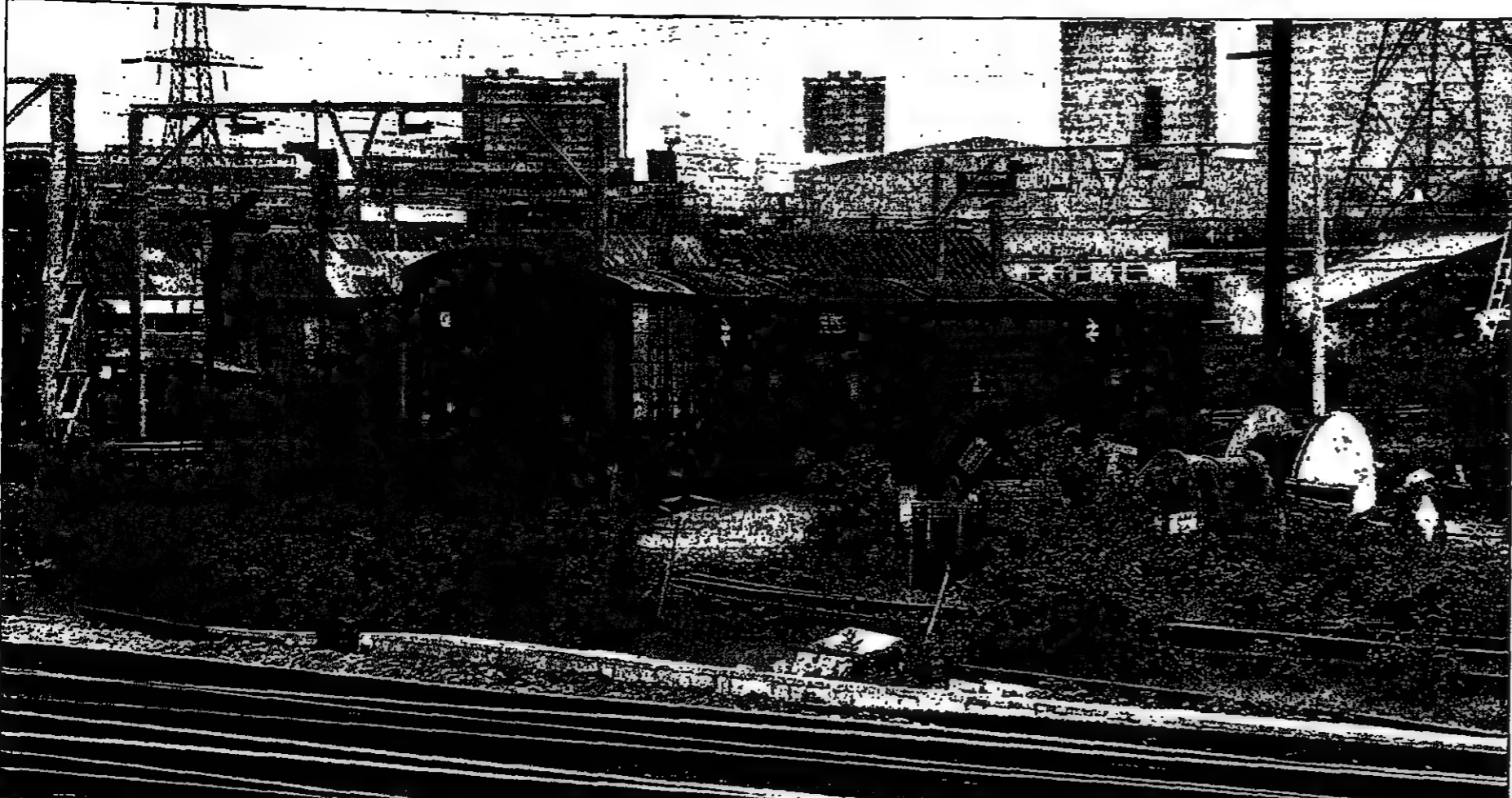
Brent Walker calls time on Pubmaster chain, page 12

Kwik Save to shut 100 stores, page 12

Financial Editor: Alex Brummer
Telephone: 0171-239-9610
Fax: 0171-833-4456

Finance Guardian

Transport chief orders severe cuts to repair damage caused by 'years of unmitigated pricing greed'



Railroaded... privatised firm's chief executive says British Rail demands drove all but the largest shippers into the arms of road hauliers

PHOTOGRAPH: ALAN REBEVILL

BR 'killed off rail freight'

Keith Harper
Transport Editor

THE chief executive of the newly privatised rail freight industry, Ed Burkhardt, has ordered radical cost cuts to offset British Rail's years of "unmitigated greed in pricing".

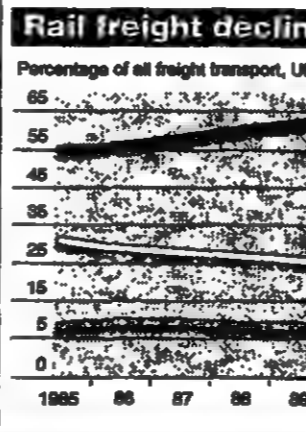
opportunity because the market simply will not support the pricing of the BR era. Rail union leaders last night said that they feared widespread job cuts, although Mr Burkhardt's letter goes out of its way to congratulate staff on the way they have responded to the new regime.

Mr Burkhardt's American operation, Wisconsin Central, a much smaller system, deals with 670 businesses. The letter says that some new customers are willing to give EWS a try, "but there are a number who remain thoroughly dissatisfied with our prices and services".

ent apply in Britain. Mr Burkhardt is also concerned about the lack of broadband radios in train operations and is to discuss with Railtrack the safety implications. Christopher Nicholas, secretary of the Rail Freight Group, described Mr Burkhardt's remarks as "refreshing".

When the City Research Project looked at the professions in 1994, it found that three of the top seven and 10 of the 40 law firms in the world are British-based. The biggest London firm then, Clifford Chance, was a business earning more than £200 million - £280,000 per equity partner.

With the backing of limited liability, partners in firms that have slipped up in their auditing and legal advice would no longer be faced with their own and their partners' personal ruin entailed in unlimited liability.



Dresdner fund management shifts to US

Kleinwort name could be dropped in £30bn shake-up, Dominic Walsh reports

GERMANY'S Dresdner Bank, owner since last year of UK merchant bank Kleinwort Benson, is expected to unveil a radical restructuring of its international fund management operations.

Thornton Management, which has a small operation in London. A source at KBIM, which has about £14.3 billion under management, said "RCM will become the linchpin of Dresdner's fund management operations. Excluding the domestic German business, that will create a single business with more than £30 billion under management."

Lang acts to stem offshore tide

THE Government acted last night to halt a threatened exodus from Britain of top professional firms which are furious that they have to foot huge legal bills when companies go bust.

ECI. The CBI led the latest protest, writing to Mr Lang on Wednesday about its concerns. The firms have also campaigned against legislation which leaves individual partners who have had nothing to do with a failed company stripped of their assets if colleagues are found to have been negligent.

question that he had decided to bring forward proposals for change to "maintain a competitive and up-to-date legal framework for UK businesses" and pledged to publish details before Easter.

What particularly galls the professionals, however, is that on occasions - such as the implosion at BCCI - they are the only fit party left standing, leaving them potentially responsible for the larger part of the loss because they are perceived to have the deepest pockets.

Frankfurt woos City brokers with free calls

IN AN effort to woo business from London, the Frankfurt Stock Exchange is offering to waive communication fees for firms outside Germany which hook up to its electronic shares and derivatives dealing services.

Deutsche Börse is already planning a range of euro-denominated products ready for trading in the wake of currency union - a market in which there is certain to be fierce competition if monetary union goes ahead at the beginning of 1999.

EC wants more details before deciding how to look at BT deal

EUROPEAN competition commissioner Karel Van Miert said yesterday he was seeking further information about British Telecom's £12 billion bid for its US partner MCI before deciding how it will be scrutinised.

source all now straddle Europe and North America. But they all lack a strong partner in the Far East who would complete their global reach and give them access to the fast-growing Asia-Pacific countries.

NTT, the world's largest telecom group, cannot act as an international operator in Japan under current legislation, though it is helping to build phone networks in Thailand, India, Indonesia, the Philippines and Vietnam.

group Intria, which holds a 40 per cent stake, will play a key role in the deal. The Far East investor yesterday said it hoped to "turn the company around within one year".

Notebook

With trust comes accountability



Edited by Alex Brummer

THE Government had little choice but to find parliamentary time for legislation allowing professional firms to become limited-liability partnerships.

and legal firms would like. The apparent errors made by some of the largest firms of auditors in situations such as Lloyd's of London and BCCI should be sorted out by the law courts. Auditors, lawyers and surveyors - whose valuations in cases such as Queens Moat Houses have turned out to be wildly wrong - do not deserve any special protection beyond limiting the liability of partners.

Domestic call

BRITISH Telecom will not be able to scrip and save on its investment in Britain to fund its ever-increasing overseas adventures. Industry regulator Don Cruickshank believes that BT's British customers are entitled to the best telecom service in the world and he intends to continue to lean on the company to provide it.

There is nothing wrong with BT having global ambitions. Britain stands to gain from having its leading telecom group as one of the select few which will have the size, expertise and financial strength to shape the global networks of the future.

Costain expected to sell US coal interests

TROUBLED construction group Costain looks set to secure its future by selling off its mining operation, US Coal, for an estimated £50 million as part of a wide-ranging financial reconstruction programme expected to be announced today.

Shares in the loss-making company were suspended at 4p as directors finalised details yesterday. Costain declined to comment beyond saying "an announcement regarding Costain's continuing asset disposal process and subsequent financial arrangements" would follow. It is the second time shares have been suspended in five months.

Table with columns for TOURIST RATES - BANK SELLS, listing rates for various countries like Australia, Austria, Belgium, Canada, etc.

Retailers report gloom and boom



Taking stock... a Kwik Save staff member takes time out to absorb the news from company headquarters

PHOTOGRAPH: MARTIN ANGLIS

Kwik Save to shut 100 stores

OUTLOOK/Errors by discounter will cost jobs, says LISA BUCKINGHAM

KWIK Save, the price-cutting supermarket group, plans to shut more than 100 of its stores, putting a question mark over the future of 1,900 of its full-time and temporary employees.

The company, which yesterday reported a 20 per cent slump in profits to just over 250 million, said the closures were part of a radical overhaul of its business, which has been severely wounded by the value ranges launched by upmarket rivals such as Tesco and Sainsbury.

It hopes, however, to redress about 90 per cent of the employees working in the doomed outlets, which will begin to close at the start of next year.

But the Kwik Save revamp — which cost nearly 236 million in provisions this time round, will involve another 218 million in write-offs over the next two years and absorb the best part of 130 million in capital spending before the end of 1998 — appears less than convincing.

Sainsbury, which is battling for supremacy at the

other end of the supermarket price spectrum, said recently that the impact of the discounters was on the wane. Kwik Save's struggle appears to endorse that in spades.

Although sales hit a record of 23.5 billion — helped by price inflation of about 2.5 per cent — everything else, except the dividend, of course, went sharply backwards. Even before the huge exceptional charge related to the restructuring, profits were lower than they have been since 1990. Underlying gross margins fell by 0.1 per cent of sales, and overheads and distribution costs were up.

As Sainsbury did when it recently announced a profits nosedive, Kwik Save yesterday admitted its faults. It had failed to be sufficiently customer-oriented, had gone too much for the deal, tried to expand too much, had not offered "modern" goods such as fresh produce, health and beauty items, and paraphernalia for babies.

With the help of 24 million of advice from Andersen Consulting, that is about to be put right, according to chief executive Graeme Bowler.

Mr Bowler's assertions about the revitalisation of Kwik Save were undermined, however, by his refusal to provide firm predictions about what the "new generation Kwik Save" will achieve. Yes, he said, in three to five years' time cost savings would outweigh expenditure on the facilities. But he declined to put a figure on those savings for fear of "creating a hostage to fortune".

Kwik Save, he said, did not want to set any false expectations among its staff, the public or its investors.

Wholly laudable. But it seemed a tad cowardly not to provide targets against which the "new generation" programme — and the management overseeing it — can be judged.

Mr Bowler did say, however, that the introduction of a Kwik Save own-brand range, together with the expansion of higher-margin products, was designed to increase from 29.20 to 31.00 the cost of the average shopping basket in the store. This could add 2375 million a year to sales.

But even such an increase, on reduced sales footage, will leave Kwik Save trailing in the wake of Safeway, Asda, Somerfield, Tesco and even the deep-discounter Aldi in

terms of sales per square foot. At present Kwik Save's sales per square foot are well under half that achieved by Sainsbury.

The struggle does not stop there. Kwik Save is probably three or four years behind its largest rivals in terms of information technology — it can accept payments on Switch cards but it lacks the computers to make any use of the shopping information.

Shares in the company rose on the figures and the reply but, according to one analyst, this was more out of a sense of relief that things were not worse than any faith in a swift recovery.

In fact, profits in the current financial year are expected to drop to about 228 million and could fall by another 115 million the year after.

One of the problems the group faces is how to turn its sales force into something approaching a consumer-oriented body rather than a gaggle of people, many of whom, at best, appear to be on TTS schemes.

It may be an advantage that the company will face almost no redundancy costs from the closure of 107 stores because so many of its employees are on temporary contracts, but when it comes to providing

Kwik Save

Stock market value: £487m

Share price: 221p ▲ 17p

Market cap: 23,000

Dividend cover: 19*

Main activity:
The company has a chain of nearly 1,000 discount supermarkets

Share	£	% change
Share price	221p	(28)
Pre-tax profit	20.2m*	(27)
Shareholders per share	27.89p	(27)
Dividend	20p	

Have the discounters peaked?

Share of packed groceries trade: 16% (1992-1996)

Discount shoppers average basket size: 12.2 (1992-1996)

*After exceptional charges

service this simply will not do. Even Mr Bowler had to admit that a rethink was needed before the company could "incentivise" a workforce among whom more than 40 per cent are temporary staff.

Burton's £151m confidence boost

Terry May

YEARs of toil at the Burton group paid off yesterday when confident consumer spending pushed pre-tax profits up 54 per cent. Britain's second biggest clothing retailer made £151.6 million in the year to August 31.

The group's Debenhams chain led the charge with a 21 per cent jump in retail profit to £102.5 million while its store chains, Top Shop, Top Man, Principles, Dorothy Perkins, Evans and Burton Menswear, made £28.8 million.

Chief executive John Hoerner said it was the first time in years that all operations had been profitable. Turnover had risen by 2346 million since six years ago when losses were £108 million.

Burton Menswear, had made a 23.3 million profit, its first for three years, but would take years to return to full health.

The group has been building its brands and applying better trading disciplines to switch a vast proportion of sales from discount to full-priced goods.

Finance director Andrew Higginson confirmed that

the last two months had shown a return of consumer confidence. "The picture is better than it has been for quite some time, but there is no sign of it being a real boom."

Margins had risen by 2.3 percentage points. "We still see some scope for margin improvement but I don't think it's going to be anything like it has been for the last two years."

Commenting on last week's base rate rise, he said: "We're a little disappointed that the Chancellor felt the need to dampen down enthusiasm. It's not inflationary at the moment."

Boots prescribes profits rise

Financial staff

THE consumer boom helped Boots push up profits 9.4 per cent to £239 million in the first half of the year. Chairman Sir Michael Angus said he was confident of good Christmas and New Year sales, although competition remains tough.

Chief executive Lord Blyth insisted Boots was not worried about the investigation by the Restrictive Practices Court into resale price maintenance on over-the-counter medicines. Sir Michael said the group was in favour of retaining price maintenance

because it benefited consumers by keeping pharmacists within local communities — in contrast to supermarket Asda's argument for lower consumer prices.

Sir Angus said the Boots the Chemist shop chain — which dominates the UK market — was well placed which ever side won the argument.

In addition to the 1,200-strong pharmacy chain, Boots owns retail chains Halfords, Do It All, Homestyle, and AG Stanley. All reported improved results, but the leader was Boots the Chemist, with a 12 per cent rise in operating profit to £184 million. The board plans pilot stores in the

Netherlands, Thailand, Japan and Ireland.

Do it All's sales in the first half were up 3.4 per cent to £191.3 million and operating losses were down from £3.6 million to £2.7 million.

The period saw Boots reposition itself in the retail market. It completed the sale of Childrens World to Storehouse for £62.5 million; received the final £73 million from the sale of Boots pharmaceuticals to Germany's BASF; purchased the other half of Do It All from W H Smith for £20 million; and bought Laboratoires Lutsia SA, a French skin-care manufacturer, for £15 million.

Brent sells Pubmaster to syndicate

Dominic Walsh

BRENT Walker, the ailing leisure group, confirmed yesterday that it is to sell its Pubmaster pub chain for £171.3 million to a syndicate of institutions led by NatWest Ventures.

The company said that the deal, which will be completed later this month subject to shareholder approval, would enable it to repay debts of £143.6 million. This will still leave it at the mercy of its bankers, to whom it owes well over £1 billion.

John Brackebury, the former chairman of Pubmaster who abruptly resigned from the Brent Walker board in May, is returning as chairman of the 1,700-strong chain, while John Sands, the business's managing director since its inception, becomes chief executive.

The acquisition is being made through a new company, Berryboss, in which the management team will be taking a stake of up to 10 per cent. Berryboss is being backed by NatWest Ventures and Prudential Venture Managers on the equity side, with HSBC and the Bank of Scotland arranging the debt.

Total funding is £180 million, giving management nearly £20 million to invest in upgrading the estate.

Pubmaster, which Brent Walker had originally hoped to float for up to £200 million, made an operating profit last year of £17.1 million, and Mr Brackebury predicted a rise this year of 10-15 per cent.

Following the disposal, Brent Walker — whose founder, George Walker, once presided over a sprawling leisure empire covering casinos, marinas and hotels — will be left with the William Hill betting shop chain as its only substantial asset. There are said to be no plans to sell it.

Pubmaster, one of Britain's biggest independent pub companies, was formed in 1991 to run Brent Walker's estate, which was then made up of pubs acquired from Tolly Cobbold, Cameron and Grand Metropolitan. The following year it expanded through the acquisition of units from Allied Domecq and Whitbread, and in 1995 took over Brent Walker's Inn Style Leisure business, which operates more than 4,000 amusement machines.

The majority of its pub estate is tenanted, and the deal announced yesterday — at around 11 times earnings — is in marked contrast to some of the recent transactions in the pub and restaurant sector, where leisure and brewing giants have shown a willingness to pay hefty premiums for strong brands capable of being rolled out nationally.

Whitbread, for example, bought Pelican Group in July for £133 million — around 24 times earnings — while in September Rank paid £36 million for Tom Cobleigh, which has just 80 pubs.

Of Pubmaster's nearly 1,700 units, only 112 are managed houses, copying brands such as Tap & Spile and BierKex, a continental beer concept. Sainsbury said the focus would be on the tenanted estate.

News in brief

US group adds £85m to electricity stake

CE ENERGY, the US power group bidding for Northern Electric, yesterday rushed into the market and spent nearly £85 million to boost its stake to 26.8 per cent, brushing aside growing City fears that the Government will block the latest US bids for electricity companies. The move — described by one City watcher as a "giant punt" — leaves Northern looking stranded in its attempts to fight off the bid unless the Trade Secretary, Ian Lang, refers the latest bids to the Monopolies Commission.

With the City convinced he might, shares in the four regional electricity companies still independent slumped heavily yesterday as East Midlands gave short shrift to the latest US approach, from Dominion Resources which has indicated it might offer 60p per share. "At this level, our clear advice to shareholders would be to reject such an offer," the chairman, Nigel Rudd, said. The US group will hold a full board meeting in the next two days to decide whether to proceed. — *Sarah Beavis*

Support for minimum wage

THE minimum wage has gained support among heads of British export firms who see it as a key factor in promoting competitiveness, according to a survey published today. DHL, the international courier firm, which commissioned the Gallup survey, said: "It is only by investing in the skilled work force of tomorrow that British businesses can hope to remain competitive in an increasingly globalised marketplace." Although 40 per cent of directors and managers support the minimum wage, compared with a third last year, there is still resistance among exporters using low-skill labour, DHL said.

More than half of the exporters said they were unfamiliar with the consequences of a single currency, compared with 41 per cent a year ago. — *Sarah Kyle*

Ex-diplomat's French move

PAULINE Neville-Jones, a diplomat who resigned from the Foreign Office after she was refused the ambassadorship in Paris, is to become the chairman of NatWest Markets' French subsidiary which employs about 230 people. The investment banking division of National Westminster Bank said Ms Neville-Jones, who joined in June, will remain Global Head of Business Strategy. Ms Neville-Jones joined the Foreign Office in 1993. She had assignments in Zimbabwe, Singapore, Washington and Bonn and was an adviser to Carl Bildt, the chief international administrator in Bosnia, in negotiations leading up to the Bosnian peace accord.

Go home

and get 40% more done today.

When you work from home you can still have all the benefits of the office, but without the interruptions. Let BT provide you with a modern to link a home PC to the office computer network. It allows you to access any document and send and receive messages or faxes and even print out on the office printer. To find out how you could get 40% more out of your day, call BT Business Computing on Freephone 0800 800 800 now.

Freefone 0800 800 800

WORKING FROM HOME

Freephone 0800 800 800 e-mail: workfromhome@bt.com

Work smarter not just harder

Boxing

Holyfield too keen for his own good

Frank Keating in Las Vegas fears for the proud challenger Mike Tyson faces tomorrow night

FOR the credibility of world heavyweight boxing... Holyfield, a former undisputed champion... Tyson's four opponents in the last 18 months...



Don't miss it... US pay-per-view offers a discount if Tyson, here with his trainer Stacy McKimley, wins quickly TOM CASO

mirrored him for cashing in on his one night of glory... Tyson is normal. He must box and move and not get lured into a slugfest...

nothing left after three or four rounds... Tyson's pride goes before a fall in the MGM Grand ring tomorrow night

Doncaster runners and riders with form

Table listing horse racing results for Doncaster, including race numbers, names, and outcomes.

Hexham (N.H.)

Table listing horse racing results for Hexham, including race numbers, names, and outcomes.

Utttoxeter (N.H.)

Table listing horse racing results for Utttoxeter, including race numbers, names, and outcomes.

Results

Summary of results for various racing events, including horse names and race numbers.

Racing

Punters get hearing from Levy Board

FOR several years the National Association of Punters (NAPP) has been striving for official recognition... Michael Singer, chairman of NAPP, works full time on a voluntary basis...

Halling retired

HALLING, who completed a unique 'double double' with consecutive wins in both the Eclipse and International Stakes...

RACELINE

Table with racing tips and odds, including horse names and race numbers.

MARKET RASEN

Table listing market rates and odds for various racing events.

MARKET RASEN

Table listing market rates and odds for various racing events.

Liverpool fine Collymore £20,000, page 14

Rugby in turmoil over fixture chaos, page 15

SportsGuardian

Scotland query Johansson role

Patrick Glenn on double dismay that Scotland must play their tie against Estonia as well as losing McAllister against Sweden

SCOTLAND chose diplomacy rather than all-out war with Fifa yesterday after soccer's governing body ordered them to play Estonia, who failed to turn up for their World Cup tie in Tallinn on October 9.

Scotland had believed they would be awarded a 3-0 victory but Fifa ruled that the game must be played — preferably in Estonia — before March 16.

Scotland, clearly unhappy about a judgment from the organising committee which also ruled their captain Gary McAllister out of Sunday's match against Sweden at Trox, will direct the main thrust of their displeasure at the possible role played by Lennart Johansson, the Swedish president of Uefa.

The chairman of the World Cup organising committee, Guillermo Canado of Mexico, was unable to be in Zurich because of illness. His vice-chairman, Johansson, is a former president of the Swedish FA.

If it is found that the Swede, who prior to yesterday's meeting had stated publicly that the match should be re-arranged, participated in the deliberations and the verdict — especially in the case of McAllister — the Scottish FA will take the matter further.

Jim Farry, chief executive of the SFA, couched the Scots' reaction in euphemistic terms but his dissatisfaction was evident. He and his officers confirmed that McAllister, who was due to be suspended for the Estonia match after receiving yellow cards in each of the previous ties

The legend of Troy that did for Dallas



Vincent Hanna

on the famed Cowboys defense at the end of the first half, by faking to throw and then lumbering slowly into the end zone for a "quarterback sneeze". Everyone smiled; the Cowboys' offense would soon sort out the second half.

But it is defence that wins games, and Presidential elections — by defending territory the hard way. As a coach once said: "This is not a contact sport. It's a collision sport. Dancing is a contact sport. The image works for politics too."

Let us meet Troy Vincent. He is 26 and, contract expired, he chose to come to the Eagles because he thought they were up-and-coming. At Dallas he smothered Deion "Prime Time" Sanders out of the game. Sanders, a huge star, caught only two passes all day, and early in the second half he was snatched and waded into Vincent.

There was a brief bar-muck fight.

HERE is the moment: there are two minutes to go. Philadelphia lead 24-21. Troy Aikman has driven Dallas up and angles a 19-yard pass to Michael Irvin.

The Cowboys are six yards from the Eagles' line. They can have three tries at the touch-down, then go for a simple field goal to tie and force overtime. Easy.

Second down and three: Smith hurries himself over the top of the scrimmage and is hit head-on by Sylvester Smith. The ground shudders. Smith is knocked back a yard.

Third down and four: "Go for the field goal!" scream the fans. Aikman throws hard at his line-backer wide open in the end zone. The Eagles' back James Willis hurls himself forward. Intercepts, and staggers six yards with the ball.

Defenders are not supposed to pass, or run. If Willis lies down the Eagles have won the game. But he flips a pass, rugby style, to the battered Vincent. If the ball is dropped, they're both dead. Vincent holds it, cuts infield, and sprints the remaining 94 yards for a touchdown.

31-21... and goodnight Dallas.

How did it feel to become a Philadelphia legend in 10 seconds? "I'm tired. I've a bloody lip, bloody knuckles and turf burns," said Vincent. "It's what I came here for."

Busst has to accept his career is finished

John Duncan on a Coventry player in shock after hearing nightmare verdict

IT WAS the moment every professional footballer dreads. His worst nightmare, a moment that transforms a happy life, a fulfilling career into a round of hospital beds and treatment tables and a terrible nagging fear that everything he has worked for is over.

David Busst was not an international. He was not flash or fancy, arrogant or cocky, he was just a good pro. He had worked hard for what he had achieved and when Coventry City won a corner after 89 seconds at Old Trafford last April he had no sense that his life was about to be shattered along with his leg.

Yesterday, 14 operations and 18 months later, he was forced to admit that his long battle to recover fitness was over and with it his football career. The 29-year-old defender had been told by a specialist that he would not be able to play again at any level.

"The surgeon told me there was muscle wastage and I had suffered a permanent dropped foot," he said. "It is something I haven't come to terms with as it was something I wasn't prepared for. It is hard for me and my family to take. They were so proud of what I achieved."

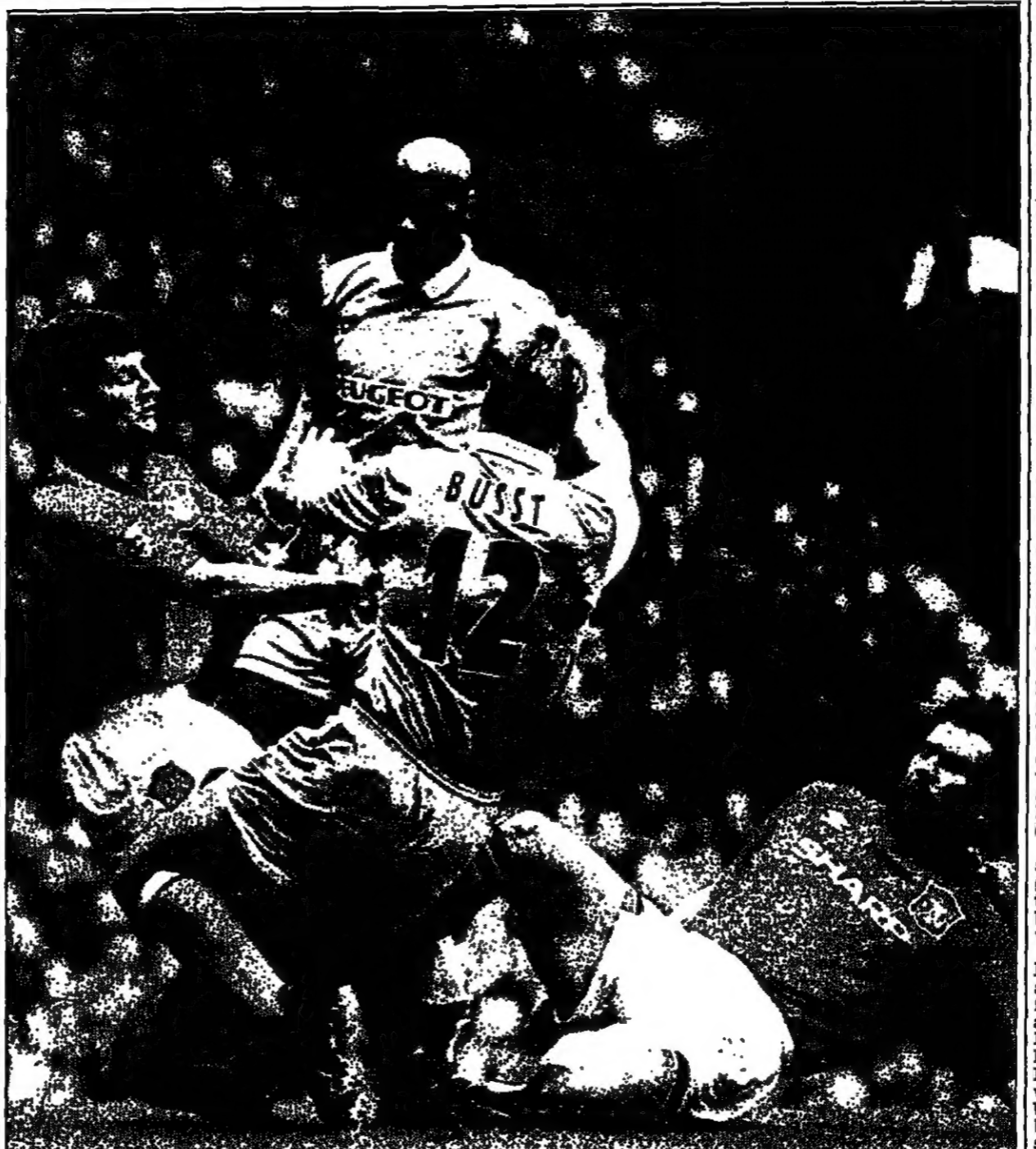
had taken a shattering blow to my leg and keeled over. I didn't look down as I knew something very serious had happened. I was conscious and I remember screaming to our physio to do something. Since then his leg has had to be reconstructed. 20 years earlier it would have been amputated — with a metal pin holding the bone together. It was months before the leg was straight enough even to allow him to use crutches.

The worst feeling for a footballer is the isolation from his team-mates. "No one wants to know you," said one former professional. "It's like you are suddenly unclean, tainted with this thing that everyone is afraid of. No one can look you in the eye. It's like they are frightened of you because they are so frightened of what has happened to you."

Busst's fate would have brought a chill to one Merseyside home, that of Liverpool's defender Steve Harkness, who suffered a double fracture of his right leg 48 hours before Busst's injury.

Harkness was lucky. He has only now been able to start thinking of a return to senior football after seven months on the sidelines — seven months that have robbed him of a possible England place but have left him with the chance to pick up the pieces of his career. It is a chance Busst will never have.

Harkness resumed basic training a week ago and already he is being encouraged to enter into light physical contact during of Liverpool's daily five-a-side matches. Busst can only shuffle along the sidelines, nursing his still-aching leg and thinking of what might have been.



Freakish accident that ruined a life in soccer

The accident that befell David Busst was freakish and genuinely horrific, an open fracture of the right tibia caused when the leg was trapped between the ground and the challenges of Denis Irwin (left) and Brian McClair (right). His lower leg snapped in two and the bone pierced the skin, leaving the lower part of his shin hanging off. The sight so disturbed the United goalkeeper Peter Schmeichel that he had nightmares about it and had to have counselling.

Guardian Crossword No 20,805

Set by Hendra

Crossword grid with numbers 1-22 indicating starting positions for clues.

- Across**
- 1 One is on pot, in east coast resort, before end of July (3,4)
 - 5 Status-seeker at university receives shock (7)
 - 9 Dook briefs all around as a means of time-saving (5,4)
 - 10 Regret taking exercise for money? (6)
 - 11 Heroic record by Olympic finalists (4)
 - 12 Assistance with single portion of food abroad (7,3)
 - 14 Elegant tea-set put out (6)
 - 15 Powerful decimal point (7)
 - 16 Naked, Paddy is short of the stuff (7)
 - 18 Clothes for nights out? (6)
 - 20 Courage and cheek needed when road narrows (6)
 - 21 Embassy from Copperfield (4)
- Down**
- 1 Eat small amounts — it makes sense (6)
 - 2 Wipe out boils, given treatment in a hospital? (7)
 - 3 It's love at first sight, Avenal (4)
 - 4 Pledge of secrecy demanded by Shaw? (3,3,3,4)
 - 5 Green pistachio nuts chopped by editor (15)
 - 6 Wingless insect rips at girl, painfully (10)
 - 7 Instrument for high peak calls? (7)

Crossword solution grid showing filled-in letters.

- Crossword solution 20,804**
- 8 Fortune, possibly, made from the rate of exchange (7)
 - 13 His interest is in houses with regal roots, perhaps (10)
 - 16 Spool of yarn needs key in weaving? (7)
 - 17 Valiant sort of Latt (7)
 - 18 August ladies' man (7)
 - 22 He told stories of work under stormy sea (6)
 - 23 Such animals squealed when tipped upside down (4)

Solution tomorrow

Ruddles County Riddles.

No. 12. Change for the Better

Peter, James and John had arranged to meet up with several other key members of their local village cricket team to watch highlights from an enthusiastic amateur video of their latest, greatest mid-season match.

Like any thoughtful hosts catering for grown-up tastes they decided to get in a basic stock of flavoured Ruddles County in convenient cans. They also agreed as friends do, to share the expense and each chipped in a fiver to the kitty. John volunteered to pop round to the Off Licence on their behalf.

After he'd left laden with six the Manager of the Off Licence realised he'd overcharged him by £5. To rectify the situation immediately, he gave his new assistant 5 pound coins and instructed him to run after John and return the correct change.

The assistant who was on probation (in mere seconds that one) caught up with John, explained the situation but being a little economical



with the truth kept 2 pound coins for himself and returned 3 pound coins to John.

Unsuspecting John thanked him and returned £1 each to Peter and James, keeping £1 for himself. In effect this meant that the 3 friends had expended £9 each and the shifty assistant had nicked £2.

The strange thing is this £9 multiplied by 3 = £27.00 plus £2 that was misappropriated = £29.00.

What happened to the other £1?